



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM184Nov15

In the matter between:

CLARKBIZ TRADING PROPRIETARY LIMITED

Primary Acquiring Firm

and

UVUNDLU INVESTMENTS PROPRIETARY LIMITED

Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Andiswa Ndoni (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 13 January 2016
Order Issued on	: 13 January 2016
Reasons Issued on	: 27 January 2016

Reasons for Decision

Approval

- [1] On 13 January 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Clarkbiz Trading Proprietary Limited and Uvundlu Investments Proprietary Limited.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Clarkbiz Trading (Pty) Ltd ("Clarkbiz"), a special purpose vehicle established specifically for the purposes of the proposed transaction. Clarkbiz is controlled by Uni-Span Holdings (Pty) Ltd ("Uni-Span"), a company incorporated in accordance with the laws of South Africa.
- [4] Uni-Span is a holding company and is active through its subsidiaries which are involved, *inter alia*, in the processing and supply of rolled steel as well as supply and dismantling of formwork and scaffoldings.

Primary target firm

- [5] The primary target firm is Uvundlu Investments (Pty) Ltd ("Uvundlu"), a private company incorporated in accordance with the laws of the Republic of South Africa. It is controlled by Imperial Holdings Limited ("Imperial"), a public company incorporated in accordance with the laws of South Africa.
- [6] Uvundlu is a holding company and does not render any services or products. Uvundlu controls a number of subsidiaries, collectively referred to as the "Goscor Group of Companies" and which are active in, *inter alia*, the import and sale of forklifts, supply of industrial and commercial cleaning products, distribution of compaction and earthmoving equipment, sale of compressors and accessories as well as the distribution and leasing of a wide range of powered access equipment.

Proposed transaction and rationale

- [7] Clarkbiz intends to acquire 50% of the issued shares and claims of Uvundlu.
- [8] Broadly, the merging parties submit that the proposed transaction will allow them to leverage their business and enhance their current product offering.

Impact on competition

- [9] The Commission found that the activities of the merging parties overlapped within the broad work at height equipment market as both parties supply work at height equipment.

- [10] Within this product market, the acquiring firm supplies access scaffolding. Its primary activities involve the renting, installation and dismantling of scaffolding. On the other hand, the target firm is involved in the leasing, sale and servicing of powered access equipment including Mobile Elevating Work Platform ("MEWP") such as cherry pickers, boom and scissor lifts/ manlifts, telescopic handles, vertical lifts, cranes, material lifts and self-propelled lifts.
- [11] Customers and competitors contacted by the Commission agreed that access scaffolding and powered access equipment or MEWPs were not substitutable. In particular, customers will source the equipment from dedicated scaffolding suppliers and dedicated MEWPs suppliers as each requires different skills and expertise. In addition safety, speed, versatility, convenience and economy of MEWPs made them distinct from fixed units such as scaffolding. It is for these reasons that both access scaffolding and mobile access equipment are considered distinct narrow markets within the access equipment market.
- [12] Market participants also indicated that the leasing and servicing of powered access equipment constituted a distinct market from the renting, installation and dismantling of scaffolding. Given the aforementioned, the Commission was of the view that MEWPs and scaffolding are not substitutable and as such belong in different market.
- [13] The Commission concluded that there was no overlap in the activities of the merging parties. However they stated that if a view is held that there is an overlap between the activities of the merging parties, that there are alternative players in the market that will continue to constrain the behavior of the merged entity post-merger such as Skyjacks (Pty) Ltd, Eazi Access Rental (Pty) Ltd, Sterling Plant Hire (Pty) Ltd and SOS Access Rental (Pty) Ltd to name a few.
- [14] The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.
- [15] We concur with the Commission's conclusion that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

[16] The merging parties confirmed that the proposed transaction will not result in any adverse impact on employment.

[17] The proposed transaction further raises no other public interest concerns.

Conclusion

[18] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Norman Manoim

27 January 2016
DATE

Ms Andiswa Ndoni and Mr Imraan Valodia

Tribunal Researcher:	Karissa Moothoo Padayachie
For the merging parties:	Cliffe Dekker Hofmeyr Inc
For the Commission:	Amanda Mfuphi