



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM209Jan16

In the matter between:

Kap Automotive Proprietary Limited

Primary Acquiring Firm

and

Autovest Limited

Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Andiswa Ndoni (Tribunal Member)
	: Medi Mokuena (Tribunal Member)
Heard on	: 3 February 2016
Order Issued on	: 3 February 2016
Reasons Issued on	: 2 March 2015

Reasons for Decision

Approval

- [1] On 3 February 2016, the Competition Tribunal ("Tribunal") unconditionally approved the merger between KAP Automotive Proprietary Limited ("KAP Automotive") and Autovest Limited ("Autovest").
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

- [3] The primary acquiring firm, KAP Automotive is controlled by KAP Industrial Holdings Limited which is a public company listed on the Johannesburg Securities Exchange Limited and not controlled by any other company.
- [4] KAP Automotive, through its subsidiaries is active in industries ranging from automotive to recycling. KAP Automotive's control over Feltex Automotive (Pty) Ltd ("Feltex") is relevant for purposes of evaluating this transaction. Feltex is involved in the manufacture of interior trim components, such as dash insulator and main floor carpets, which it supplies directly or indirectly to South African Original Equipment Manufacturers ("OEMs").

Primary target firm

- [5] The primary target firm, Autovest has six operating businesses which focus on the manufacture of automotive accessories, primarily supplied to fitment centres through dealerships, to the OEM aftermarket in South Africa. The operating businesses being acquired are namely; Maxe, Autovest Canopy Division, Rhino Linings, Kilber, Auto Armor and Auto Enhance.

Proposed transaction and rationale

- [6] The proposed transaction involves KAP Automotive acquiring 100 percent of the shares in Autovest which would enable it to exercise sole-control post implementation.
- [7] KAP Automotive foresees that the proposed transaction would extend its operations into the accessories market. Autovest submits that the proposed transaction would enable it to join with a listed entity which would provide it with stability and access to capital for future growth.

Impact on competition

- [7] According to the Competition Commission's ("the Commission") investigation the proposed transaction would not result in a horizontal overlap. Although KAP

Automotive through Feltex and Autovest are active in the supply of automotive components, KAP Automotive is involved in the supply of components used in the assembly of new vehicles in a production line. In contrast Feltex, is involved in the supply of post-production accessories which are sold to dealerships who affix components to vehicles after-sale and post-production. The Commission was of the view that the proposed transaction did not result in a substantial lessening of completion.

- [8] We concur with the Commission's competition assessment, i.e. that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market as there is no overlap.

Public interest

- [9] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.¹ The proposed transaction further raises no other public interest concerns.

Conclusion

- [10] 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 transactions. Accordingly, we approved the proposed transaction unconditionally.



Mr Norman Manoim

02 March 2016
DATE

Ms Andiswa Ndoni and Ms Medi Mokuena concurring

Tribunal Researcher: Aneesa Ravat
For the merging parties: Candice Upfold of Norton Rose Fulbright
For the Commission: Dineo Mashego and Lindiwe Khumalo

¹ *Inter alia* merger record page 8.