



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM048Jun22

In the matter between:

Bidvest Commercial Products Pty Ltd

Acquiring Firm

and

A Square Forklift Proprietary Limited; A Square Equipment Proprietary Limited; A Square Solutions Proprietary Limited; And Chase Technologies Proprietary Limited, (Collectively A Square Group)

Target Firm

Panel : A Wessels (Presiding Member)
: A Ndoni (Tribunal Panel Member)
: I Valodia (Tribunal Panel Member)

Heard on : 01 August 2022
Order issued on : 01 August 2022
Reasons issued on : 17 August 2022

REASONS FOR DECISION

Approval

- [1] On 01 August 2022, the Competition Tribunal (“Tribunal”) unconditionally approved the large merger wherein Bidvest Commercial Products Proprietary Limited (“BCP”) intends to acquire the business conducted by A Square Equipment Proprietary Limited (“A Square Equipment”), A Square Forklifts Proprietary Limited (“A Square Forklifts”), A Square Solutions Proprietary Limited (“A Square Solutions”) and Chase Technologies Proprietary Limited (“Chase Technologies”), (collectively “the A Square Group”), as going concerns.

Rationale

- [13] The acquiring firm submits that acquiring A Square Group would be beneficial from a financial perspective. The proposed transaction represents a reasonable commercial opportunity and an attractive investment opportunity that will benefit from the support of a committed and experienced investor such as Bidvest Group.
- [14] The target firm submits that it is [REDACTED], BCP is able to add the financial resources and manpower required to continue the sustainable growth of A Square Group.

Relevant market and impact on competition

- [15] The Competition Commission (“the Commission”) assessed the proposed transaction in the market for the sales and rental of materials handling equipment and the associated spare parts and maintenance services in South Africa.
- [16] The Commission found that the proposed transaction results in a horizontal and vertical overlap. The horizontal overlap arises in that both the Acquiring Group and the A Squared Group are involved in the sale of both new and used diesel, electric and gas forklifts, and other materials handling equipment.
- [17] The vertical overlap arises because the A Squared Group supplies traction batteries for materials handling equipment. In this regard, BMH also purchases traction batteries from A Square Group for its materials handling equipment. In addition, A Square Group purchases combustion engine driven forklifts from BMH.
- [18] The merging parties will have a market share of [0-10] % with an accretion of [0-10] % in the market for the sales and rental of materials handling equipment and a market share of [0-10] % with an accretion of [0-10] % in the market for the sales and rentals of spare parts and maintenance services.

Input foreclosure

- [19] Given the market shares of the merged entity in the market for materials handling equipment as well as the A Squared Group market share in relation to traction batteries, the Commission is of the view that the merged entity is unlikely to have the ability to foreclose other players in the relevant markets.
- [20] Further to the above, the merged entity will continue to face competition from other market players including Toyota Forklifts / CFAO ([REDACTED]%), Bud/Goscor ([REDACTED]%), Masslift Africa ([REDACTED]%), Jungheinrich ([REDACTED]%) and many other players in the market for the supply of materials handling equipment.

Customer foreclosure

- [21] The Commission is of the view that the proposed transaction is unlikely to lead to a strategy of customer foreclosure as the A Square Group is a small player in the market for materials handling equipment sales and rentals. Accordingly, its procurement of this type of equipment in a self-supply scenario is unlikely to foreclose competitors of BMH.
- [22] In addition, the A Square Group will continue to face competition from other market players including Eternity Technologies (■■%), Toyota / CFAO (■■%), Bud/Goscor (■■%), First National Battery (■■%), CPR Batteries (■■%), Orizen Battery (■■%), Maxwell & Spark (■■%) and other players in the market for the supply of traction batteries.
- [23] Based on the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.
- [24] When assessing the proposed transaction, the Tribunal did not find any evidence suggesting that that the relevant market should be broader than the one defined above.

Relevant counterfactual

- [25] The Tribunal assessed the prospects for competition with the proposed transaction against the competitive status quo without the proposed transaction. Based on the above evidence, it concluded that there are no competitive concerns raised.
- [26] No third parties raised concerns regarding the effects of the proposed transaction on competition.
- [27] The Tribunal concludes that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

Public interest

Effect on employment

- [28] The Commission engaged with the merging parties and respective employee representatives of the merging parties who submitted that the proposed transaction will not give rise to any retrenchments in South Africa.
- [29] We agree with the Commission's findings that the proposed transaction is unlikely to have a negative impact on employment in South Africa.

Effect on the spread of ownership

- [30] The merging parties submitted that the A Square Group has no HDP or worker ownership while the Acquiring Group, on the other hand, has an HDP ownership recognition of 32.03% (with 39.02% black voting rights) and its B-BBEE scorecard rating is level 3.
- [31] The Commission finds that since the Acquiring Group will become the owner of the A Square Group business as a result of the proposed transaction, the A Square Group's B-BBEE credentials will improve and HDPs will indirectly have increased participation in the relevant markets.
- [32] The Commission found that the proposed transaction raised no further public interest concerns, and the Tribunal concurs.

Conclusion

- [33] Considering the above, The Tribunal concludes that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Accordingly, we approve the proposed transaction unconditionally.

Signed by: Imraan Valodia
Signed at: 2022-08-17 16:52:11 +02:00
Reason: I approve this document



Prof. Imraan I. Valodia

17 August 2022

Date

Concurring: Ms Andiswa Ndoni and Mr Andreas Wessels

Tribunal case manager : Baneng Naape

For the merging parties : Paul Coetser and Sandiso Dhlomo of
Werksmans Attorneys

For the Commission : Busisiwe Ntshingila and Thabelo Masithulela