competitiontribunal
SOUTH AFRICA

# COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case No.:** LM003Apr25

In the matter between:

Fidelity Security Services (Pty) Ltd **Primary Acquiring Firm**

And

SSG Holdings (Pty) Ltd **Primary Target Firm**

| | | |
|---|---|---|
| Panel | : | Imraan Valodia (Presiding Member) |
| | : | Geoff Budlender (Tribunal Member) |
| | : | Andiswa Ndoni (Tribunal Member) |
| Heard on | : | 09 June 2025 |
| Order issued on | : | 09 June 2025 |
| Reasons issued on | : | 23 June 2025 |

## REASONS FOR DECISION

### Introduction

[1] On 9 June 2025 the Tribunal conditionally approved the large merger whereby Fidelity Security Services Proprietary Limited ("Fidelity") intends to initially acquire [redacted]% of the issued share capital of SSG Holdings Proprietary Limited ("SSG"). Pursuant to the implementation of the merger, Fidelity will exercise sole control over SSG.

[2] The parties anticipate that 48 months from the initial acquisition, Fidelity will acquire [redacted]% of the issued share capital of SSG from SSG's remaining shareholders through the exercise of call and put options (the "Option").

**Parties and their activities**

*Primary Acquiring Firm*

[3] The Primary acquiring firm is Fidelity; a company incorporated in South Africa. Fidelity does not control any firm. Fidelity is controlled by Fidelity Services Group Proprietary Limited ("Fidelity Services Group").

[4] Fidelity Services Group is not controlled by any firm. Fidelity Services Group controls various firms in South Africa including Fidelity Cleaning and Hygiene Services Proprietary Limited and Fidelity ADT and Technical Proprietary Limited which provide cleaning and hygiene services and technical/electronic services.

[5] Fidelity Services Group is in the process of finalising a restructure of its current shareholding. [redacted]. The Commission conducted its assessment of the proposed merger and the Restructure Transaction, simultaneously. This is the *New Seasons Security Services Proprietary Limited and Fidelity Services Group Proprietary Limited LM013Apr25* transaction which was approved on 11 June 2025.

[6] Fidelity, all the firms controlling Fidelity and all the firms controlled by those firms are collectively referred to as the "Acquiring Group". The Acquiring Group has a 57.26% shareholding held by HDPs.

*Primary Target Firm*

[7] The primary target firm is SSG Holdings Proprietary Limited (“SSG”). SSG is jointly controlled by [redacted]%[redacted] and [redacted]%[redacted].

[8] SSG and all the firms it controls are collectively referred to as the “Target Group”. The Target Group is 74.53% held by HDPs.

[9] The Target Group conducts the following activities throughout South Africa: Guarding services; Cleaning and sanitary services; Technical / electronic security solutions; Facilities management; Ancillary services; Forensic investigation and data analysis services.

[10] The proposed transaction entails the acquisition by Fidelity of [redacted]% of the issued share capital in, and the shareholders claims against, SSG. [redacted]% will be acquired by Fidelity through the exercise of various call and put options within a 48-month period following the initial acquisition.

[11] In its assessment of the transaction, the Commission considered whether the exercise of the Option will require a separate merger notification since the Option will be exercised up to 48 months post the Acquiring Group’s initial acquisition of control over the Target Group.

[12] The Commission found that the initial acquisition of % of the issued share capital of SSG confers the Acquiring Group with control as contemplated by section 12(2)(a), 12(2)(b), 12(2)(c), (12(2)(d) and 12(2)(g) of the Act. Moreover, the Commission found that the remaining [redacted]% shareholding in the SSG will be held by several shareholders none of whom, individually or collectively, exercise control as contemplated by section 12(2) of the Act. Considering this, the Commission concluded the Acquiring Groups’ acquisition of [redacted]% of the issued shares in SSG, gives the Acquiring Group unfettered sole control over SSG.

[13] We agree with the assessment that, the exercise of the Option does not confer upon the Acquiring Group any other instance of control or change the nature of control exercised over SSG. As a result, based on the information that was presented to the Commission during the assessment, it appears that the exercise of the Option does not require a separate merger notification.

**Rationale**

[14] The Acquiring Firm's rationale for the proposed transaction is that it views the proposed transaction as an attractive opportunity to diversify its business offering by including proven cleaning and facilities management services post-merger. The proposed transaction also allows the Acquiring Group to expand its security offering.

**Competition analysis**

[15] In assessing the transaction, the Commission noted that both parties are active in the provision of guarding services, technical and electronic services and cleaning and sanitary services to clients in South Africa. So, the assessment of the merger's impact on these markets is set out below:

*Guarding services*

15.1.1 According to case precedent such as *Bidvest / Mvelaserve*[1], the provision of guarding services is considered a relevant product market for competition assessment purposes. In terms of geographic scope of assessment, the Tribunal in *Bidvest / Mvelaserve*[2] indicated that guarding services are provided on

[1] The Bidvest Group and Mvelaserve Limited CT 016899
[2] Id.

both a regional (i.e. each province where merging parties overlap) and nationally.

15.1.2 In the national market for the provision of guarding services, the merged entity will have a combined market share of approximately 10% - 15% with a market share accretion of 0% - 5%. The national market is estimated at R[redacted]. It is important to note that estimated total market size does not include all the firms active in the market, therefore the market shares may be overstated.

15.1.3 In the provision of guarding services in Gauteng, the merged entity will have a combined market share of approximately 5% - 10%, with a market share accretion of less than 0% - 5%. The Commission identified that there remain several credible competitors in this province to constrain the merged entity post-merger such as Afri Guard, Imvula Outsourcing, Civa and CSG Security.

15.1.4 In the provision of guarding services in KwaZulu-Natal, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. There remain several credible competitors in this province to constrain the merged entity post-merger such as Royal Security, Thabzo Security Services and Isidingo Security Services.

15.1.5 In the provision of guarding services in the Western Cape, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. There remain several credible competitors in this province to constrain the merged entity post- merger such as Phangela Private Security

Services, Byers Security, Tsu Protection Services and Distinctive Choice 447.

15.1.6 In the provision of guarding services in Mpumalanga, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. There remain several credible competitors to constrain the merged entity post-merger such as Infinite Prospects 160, Wenzile Phaphama Trading and Projects, CSC Security Services, Tubatse Security Services and Photomo Security.

15.1.7 In the provision of guarding services in North-West, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. There remain several credible competitors to constrain the merged entity post-merger such as Dephethogo Trading and BLTNP Group.

15.1.8 In the provision of guarding services in Limpopo, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. There remain several credible competitors to constrain the merged entity post-merger such as Basic Blue Trading, Vhugi Protection Services, UAS Capricorn and Ndivhuwo Security and Training.

15.1.9 In the provision of guarding services in Free State, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. There remain several credible competitors to constrain the merged entity post-merger such as Silver Solutions, Man in One Security, Invicta Security Solutions, Defensor Electronics Security System and Atlehang Staff Solutions.

15.1.10 In the provision of guarding services in Eastern Cape, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. There remain several credible competitors to constrain the merged entity post-merger such as Silver Solutions, Red Alert TSS Cleaning and Security and Red Guard Security.

*Technical and electronic security services*

[16] The Commission endeavoured to collate revenue information for the FY2024 and estimates of the size of the technical and electronic services market, from market participants. Using this information, the Commission found the following:

i. In the national market for the provision of technical and electronic services, the merged entity will have a combined market share of 0% - 5%, with a market share accretion of less than 0% - 5%. It is important to note that estimated total market size does not include all the firms active in the market, therefore the market shares may be overstated.

ii. In the provision of technical and electronic security services in Gauteng, the merging parties estimate that the merged entity will have a combined market share of approximately 0% - 5%, with a market share accretion of less than 0% - 5%.

iii. In the provision of technical and electronic services in each of KwaZulu-Natal, Free State, Limpopo, Mpumalanga, North West and Western Cape, the merging parties estimate that the merged entity will have a combined market share of 0% - 5%, respectively.

[17] Based on its assessment, the Commission was of the view that the merged entity will not have high market shares in the market for technical and electronic security services. There will remain several credible national players namely, Bidvest Protea Coin, G4S, iMvula, Stallion, Servest, Excellerate Services and Securitas as identified by [redacted] Moreover, these findings are consistent with the Commission's recent investigations in cases such as *LSF12 Crown Global / Carrier Fire (2024Sep0022).*

*Cleaning and hygiene services*

[18] In *Bidvest / Mvelaserve*[3] the Tribunal indicated that the national market for the provision of hygiene services includes the provision of pest control, kitchen and washroom hygiene services. It was further provided that cleaning companies usually provide hygiene services. As such, some customers procure cleaning and hygiene services together while other customers procure those services separately. In line with Tribunal precedent, the Commission assessed the activities of the merging parties in the national market for the provision of cleaning and hygiene (including pest control) services.

[19] To establish market shares, the Commission endeavoured to collate FY2024 revenue information from the merging parties and their competitors in the provision of cleaning and hygiene services.

[20] The Commission found that there remain several credible national competitors to constrain the merged entity post-merger such as Bidvest Prestige, Servest, Empact Group, Tsebo Solutions and others as identified by [redacted] In addition, there has been new entrants within various provinces over the past five years such as Khera Cleaning and Services, Lesibana Cleaning and Hygiene, Tiney Cleaning Services, Staza Cleaning Services, Prospect Cleaning Services, Masana Hygiene Services, Thembane Cleaning Services and Kameso Total Hygiene Services.

[3] Note 1 above.

[21] In our view, the transaction does not give rise to any competition concerns in the abovementioned markets.

*Vertical Assessment*

[22] SSG Security leases vehicles from the Acquiring Group for a fee. The merging parties submit that the proposed transaction is a miniscule vertical overlap as the fee payable represents approximately [redacted]% of the Acquiring Group's turnover. Further, they submit that Fidelity does not offer these services as part of its ordinary service offering to the market and these transactions are not a key driver of the proposed transaction. There is accordingly no risk of customer or input foreclosure.

*Restraint of trade*

[23] The Commission found that the conditional binding offer letter between Fidelity and SSG dated 20 February 2025, indicates that the parties contemplate a post-merger restraint of trade. Although the details of the scope and extent of the restraint were not clarified in the offer letter, a duration of at least 5 years was contemplated.

[24] The Commission considers that a restraint with a 5-year duration and whose scope is unclear, is likely to raise competition concerns. This approach is consistent with precedent such as *Bidvest Branded Products / LK Plating Services LM137DEC24*, *RCS Cards / The Consumer Finance Business of the JD Group LM193FEB/20644* and *Imperial / Itumele Bus LinesLM105SEP16*. The Commission and the Competition Tribunal consider that restraints of trade whose duration exceeds three years and whose scope is not limited to the activities of the target firm in South Africa, is unjustified.

[25] As the parties are yet to conclude the merger agreements in which the restraint will be provided, and to mitigate the concern identified, the Commission requested the merging parties to agree to a condition that:

i. any restraint concluded between the merging parties post-merger will be limited in duration to three years;
ii. the scope of the restraint will be limited to the Target Group's activities (i.e. guarding
iii. services; cleaning and sanitary services; and technical and electronic security services; and
iv. that the merging parties shall provide the Commission with a copy of the relevant merger agreement containing the restraint provisions.

[26] The merging parties indicated that they anticipate concluding the merger agreements prior to the approval of the merger. The parties contend that such agreements will include a restraint of trade within the parameters set out above. However, the parties have not concluded the merger agreements.

[27] The Commission recommended that the merger be approved subject to the conditions set out in **Annexure A** to ensure that any restraint of trade concluded by the parties does not raise any competition concerns. The merging parties have agreed to this condition.

*Views of third parties*

[28] Of the 19 participants that the Commission approached to solicit their views on the proposed transaction, the Commission only received concerns from [redacted] submitted that there are a few competitors with the necessary scale to service specialised sectors (i.e., mining sector) in the broader security services market.

[29] As a result of the proposed merger, SSG will be removed as a competitor and Fidelity will likely gain a dominant market share in the provision of specialised

services within the broader security services market. Fidelity may potentially use this dominance in a manner which could impact on the ability of competitors to effectively compete with Fidelity within this market.

[30] [redacted] submitted that the proposed merger may lead to a monopoly by Fidelity in the identified markets (i.e., guarding services, technical and electronic services and cleaning and sanitary services). In relation to [redacted] concerns, the merging parties submitted that there exists no separate market for specialised services. Guarding services that happen to be provided to specific sectors (such as mining) form part of the general guarding services provided by security service firms.

[31] The way guarding services are provided and marketed to customers across sectors are not materially differentiated. This understanding aligns with case law before the Tribunal which does not distinguish between different sectors when providing guarding services. Further, the merging parties' market shares are minimal and the merging parties will not occupy a dominant position in the guarding services market on either a national or provincial basis.

[32] As regards [redacted], the Commission found that the Target Group's [redacted] customers for guarding services are all mining operations, namely [redacted]. However, the Target Group does not only provide guarding services only to the mining sector but also provides these services to various other sectors such as the industrial, hospitality, residential, transport and logistics, government, financial services and education sectors.

[33] Further, the Commission's investigation found that there are other alternative firms which provide guarding services to the mining sector including Stallion, Bidvest Protea Coin, G4S and Thorburn, amongst others. Similarly, these firms provide guarding services to various other sectors across South Africa.

[34] Moreover, the Commission found that case precedent such as *Bidvest / Mvelaserve*[4], does not support the contention that guarding services can be further segmented into narrower markets based on the sector to which the guarding services are tendered. Notwithstanding the foregoing, the Commission contacted some of SSG's customers. [redacted] confirmed that other than SSG, there are several alternative providers of security services to its mining operations such as Bidvest Protea Coin, G4S and Thorburn Security Solutions. [redacted] indicated that Bidvest Protea Coin, G4S and Thorburn Security Solutions, Omega, Protecta, Stallion and Vusela are alternative providers of guarding services. Consequently, the Commission concluded that the concern raised does not require further mitigation.

[35] With regards to [redacted] concerns, the merging parties submit that the proposed merger will result in low market share accretions and a total market share of not more than 15% - 20% in any relevant markets. Further, that the merged entity will not be a monopoly post-merger and will face competition from numerous security and cleaning firms. The Commission found that the [redacted] concerns are not supported by the Commission's market share assessment and no further intervention is required.

*Conclusion on the competition assessment*

[36] We are persuaded that based on the above assessment, the proposed transaction is unlikely to substantially prevent or lessen competition.

**Public interest**

*Effect on Employment*

[4] Note 1 above.

[37] The merger parties provided an unequivocal undertaking that the merger will not result in any adverse impact on employment and that there will be no retrenchments. The Commission engaged the trade unions that represent the employees of Fidelity and SSG. The trade unions did not raise concerns in relation to the proposed transaction.

*Effect on a greater spread of ownership*

[38] As indicated above, the Acquiring Group is 57.26% held by HDPs as reflected in its latest BBBEE certificate expiring on 25 July 2025. On the other hand, the Target Group is 74.53% held by HDPs as reflected in SSG's latest B-BBEE certificate expiring on 3 October 2025. As a result, there will be a dilution in HDP ownership at the Target Group. The Acquiring Group established an employee stock ownership plan, the Khula Nathi ESOP, which provides employees of the Acquiring Group with an opportunity to participate in ownership in respect of the Fidelity business, subject to certain eligibility requirements.

[39] The merging parties also submit that the proposed transaction will also allow the HDP shareholders in SSG to realise the value of their investment.

[40] The Acquiring Group was requested to extend participation in the Khula Nathi ESOP to employees of SSG. In respect of the eligibility requirements, the Commission requested the merging parties to recognise the years of service that the employees at SSG have already completed at SSG for participation in the Khula Nathi ESOP. The merging parties have agreed to these conditions to the proposed transaction. See conditions at Annexure A. Further, the merging parties have undertaken to inform the employees of the Target Group of the extension of the Khula Nathi ESOP to these employees as well as the relevant qualification criteria thereof.

[41] Further, the Commission considers that in line with Competition Tribunal precedent in *Bidvest Services / Synerlytic LM037MAY24*, the merged entity will

remain significantly empowered post-merger. Moreover, the merger will facilitate the ability of qualifying workers within the Target Group to participate in the Acquiring Groups Khula Nathi ESOP. Considering the foregoing, the Commission found that the merger is justifiable on public interest grounds and no further interventions are necessary.

*Conclusion on the public interest assessment*

[42] We are satisfied with the Commission's assessment that there were no other public interest considerations arising from this transaction.

[43] We conclude that the proposed transaction is justifiable on public interest grounds.

**Conclusion**

[44] We conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market and is justifiable on public interest grounds.

[45] We therefore approve the proposed merger subject to the conditions in **Annexure A**.

Signed by:Imraan Valodia
Signed at:2025-06-23 17:26:43 +02:00
Reason:Witnessing Imraan Valodia

Imraan Valodia

| | |
|---|---|
| | **23 June 2025** |
| **Presiding Member** | **Date** |
| **Prof. Imraan Valodia** | |

**Concurring: Adv. G. Budlender SC and Ms. A. Ndoni**

Tribunal Case Manager: Princess Ka-Siboto

| | |
|---|---|
| For the Merger Parties: | Albert Aukema, Reece May, Ntobeko Rapuleng and Leah Williams of Cliffe Dekker Hofmeyr |
| For the Commission: | Nomonde Mbali and Wiri Gumbie |