

SOUTH AFRICA / JUDGMENT

Precrete Holdings (Pty) Ltd v Platchro Holdings (Pty) Ltd (LM199Jan17) [2017] ZACT 39 (19 April 2017)

[2017] ZACT 39

COURT

Competition Tribunal

BEFORE

Yasmin Carrim, Andiswa Ndoni, Medi Mokuena

CASE / FILE NUMBER

LM199Jan17

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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM199Jan17

In the matter between:

PRECRETE HOLDINGS (PTY) LTD Acquiring

Firm

and

PLATCHRO HOLDINGS (PTY) LTD

Target Firm

Panel

: Yasmin Carrim (Presiding Member)

: Andiswa Ndoni (Tribunal Member)

: Medi Mokuena (Tribunal Member)

Heard on

: 29 March 2017

Order Issued on

: 29 March 2017

Reasons

Issued on : 19 April 2017

Reasons

for Decision

Approval

- [1] On 29 March 2017, the Competition Tribunal ("Tribunal") approved the proposed transaction between Precrete Holdings (Pty) Ltd ("Precrete") and Platchro Holdings (Pty) Ltd ("Platchro").
- [2] The reasons for approving the proposed transaction follow.

Parties to the Proposed Transaction

Primary Acquiring Firm

- [3] The primary acquiring firm is Precrete, a private company incorporated in accordance with the laws of the Republic of South

Africa and is controlled by PSG Private Equity (Pty) Ltd ("PSG PE"). PSG PE is an investment holding company.

- [4] Precrete controls a number of firms including Precrete Mining (Pty) Ltd, Precrete (Pty) Ltd and Precrete Services (Pty) Ltd amongst others.

Primary Target Firm

- [5] The primary target firm is Platchro, a private company incorporated in accordance with the laws of the Republic of South Africa and is jointly controlled by the trustees of the S&C trust and the J&L trust.
- [6] Platchro controls a number of firms including Platchro Mining Services (Pty) Ltd and Platchro Rasimone (Pty) Ltd, amongst others.

Proposed Transaction and Rationale

- [7] Precrete intends to acquire all the issued shares of and loan claims against Platchro. Post-transaction, Precrete will have sole control over Platchro.
- [8] Precrete submits that the proposed transaction represents an opportunity for it to diversify its customer base.
- [9] From Platchro's perspective the proposed transaction represents an opportunity for the trustees to dispose of their shareholding.

Relevant Market and Impact on Competition

[10] Precrete specialises in the manufacture and supply of pre-mix concrete

products as well as the application and installation of secondary support solutions in mines, predominantly in the platinum mining sector.

[11] Platchro also provides mining services to customers, predominantly in the platinum mining sector. Platchro supplies secondary support services to one of its clients in one location.

[12] The Commission accordingly found a horizontal overlap in the application and installation of secondary support solutions. However, it found that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market due to the fact that Platchro has only one customer in the provision of secondary support solutions which customer accounts for less than 10% of its revenue. The market share accretion of the merged entity was estimated to be less than 2%.[1] Furthermore, post-transaction the merged entity will continue to face significant competition constraints from a number of large reputable firms such as Guncrete, Aveng Mining, and Murray and Roberts

[13] At the hearing the merging parties also pointed to the fact that the relevant market is a tender market and that generally, when a tender comes up, the playing fields become levelled with competitors possessing relatively even strengths.[2]

[14] The Commission is therefore of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any of the relevant markets. We concur with this finding.

Public Interest

[15] The merging parties submit that the proposed transaction will not result in any adverse effects on employment as no retrenchments or job losses are foreseen to occur as a result of the merger.[3]

[16] The Commission was of the view that the proposed transaction is unlikely to raise concerns on any other public interest grounds.

Conclusion

[17] 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.

19 April 2017

DATE

Ms Yasmin Carrim

Mrs Medi Mokuena and Ms Andiswa Ndoni

Tribunal Researcher:

Hayley Lyle

For the merging parties:

Nazeera Mia of Cliffe Dekker Hofmeyer

For the Commission:

Kholiswa Mnisi

[1] This figure is based on estimates provided by competitors of the merging parties.

[2] Page 3 of the Transcript.

[3] Page 346 of the Merger Record.

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