



MERGER DECISION NO 12: 2021

Notice in Terms of Section 53(4)(a)(ii) of the Competition Act

THE PROPOSED ACQUISITION OF AN ADDITIONAL 31.37% SHARES IN BELL EQUIPMENT LTD (BELL EQUIPMENT) FROM JOHN DEERE CONSTRUCTION & FORESTRY COMPANY ("JOHN DEERE") BY IA BELL AND COMPANY (PTY) LTD (IA BELL)

Introduction of the Merging Parties

- i. Pursuant to Section 53(4)(a)(ii) of the Competition Act of 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in respect of the proposed acquisition of an additional 31.37% shares in Bell Equipment Ltd ("Bell Equipment") from John Deere Construction & Forestry Company ("John Deere") by IA Bell and Company (Pty) Ltd ("IA Bell"). The transaction was notified to the Authority on 15th February 2021 and the merger assessment was completed on 2nd March 2021.
- ii. The primary acquirer, IA Bell, is a company incorporated in accordance with the Laws of the Republic of South Africa. IA Bell is an investment holding company which does not carry any other business activities in Botswana and elsewhere, save for its existing shareholding in Bell Equipment and Loinette Capital Limited ("Loinette Capital"). It therefore suffices to note that IA Bell is not controlled by any firm. Loinette Capital is incorporated in Mauritius and is a specialist asset-based finance provider focusing on creating funding solutions to SMEs across sub-Saharan Africa, in the agricultural, infrastructure, construction, transportation and insurance industries. Loinette Capital's asset based finance solutions include asset-based loans, equipment finance, stock finance, insurance brokerage, debt syndication and co-financing. The Directors of IA Bell are: G.W Bell; A.J Bell; and H.J Buttery (all South African).
- iii. Bell Equipment, is a public company listed on the Johannesburg Stock Exchange. The following are the five largest shareholders of Bell Equipment: IA Bell (the primary acquirer); John Deere; Allan Gray Asset Management; Ninety One (Investec Asset Management); and Sanlam Investment Managers. Bell Equipment's business activities in Botswana are channelled through its independent dealer, Kanu Equipment Botswana Limited ("Kanu Equipment"). Through Kanu Equipment, Bell Equipment's activities in Botswana therefore primarily relate to the sale of earth moving equipment; implements and accessories; as well as the distribution and sale of spares, parts and components; and business activities related to the after-sales

support of its earth moving equipment. John Deere is incorporated in the United States of America and is involved in the manufacture and distribution of construction and forestry equipment. The Directors of Bell Equipment are: Gary Bell; John Barton; Leon Goosen; Karen van Hagt; Derek Lawrance; Hennie van de Merwe; Rajendran Naidu; Mamokete Ramathe; Ashley Bell; and Avishkar Goordeen (alternate), (all the Directors are South African).

Relevant Markets

- iv. In terms of the relevant market, the assessment of the proposed transaction revealed that the Merging Parties do not compete in the same product market. IA Bell is an investment holding company which does not carry any other business activities in Botswana and elsewhere, save for its existing shareholding in Bell Equipment and Loinette Capital Limited. As for the target entity, though they are not physically present in Botswana, its activities in Botswana are channelled through an independent dealer, Kanu Equipment, who in turn, is involved in the sale of earth moving equipment; implements and accessories; as well as the distribution and sale of spares, parts and components; and business activities related to the after-sales support of its earth moving equipment.
- v. From the description of the markets of the Merging Parties, it is deduced that there is absence of product overlap in the activities of the Merging Parties. Therefore, the Authority maintains that it is not necessary to reach a definitive view on the exact scope of the product market as the market structure is not expected to change post implementation of the proposed transaction.

Competitive Analysis and Public Interest

- vi. The Authority's assessment did not reveal any substantial lessening of competition concerns as this transaction is merely an increase in shareholding by an entity that already has a direct shareholding in the target enterprise.

The Determination

- vii. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. Furthermore, no public interest concerns have been identified.
- viii. Pursuant to the provision of section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of an additional 31.37% shares in Bell Equipment Ltd from John Deere Construction & Forestry Company by IA Bell and Company (Pty) Ltd.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 2nd day of March 2021.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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