

Super Group closes Mercedes-Benz deal

By [Fifi Peters](#)

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Transport and fleet management company Super Group has concluded a deal valued at almost R1bn to buy a number of Mercedes-Benz dealerships and property in the Western Cape. Super Group said yesterday the net asset value of the transaction, which is subject to regulatory approval, was between R880m and R900m.



Terence Ong via [Wikimedia Commons](#)

Under the leadership of Peter Mountford, Super Group has pursued an aggressive acquisition strategy in the past six years, sweeping up assets in its core business, namely supply chain, fleet management and dealerships in SA and offshore. In the 2015 financial year, the group concluded deals in the UK, Germany, and Australia - transactions that bolstered profit as operating margins in the domestic logistics industry were squeezed by slow growth.

The company spent more than R4bn last year, acquiring Australian vehicle finance provider NCL and a controlling stake (75%) of German logistics firm IN tIME. It also scooped up 100% of the UK's biggest Ford motor dealer for R606m.

The new deal, announced yesterday, would see Super Group take control of Sandown Motors for R492m-R512m in cash, which amounted to a price-earnings multiple of between 8.3 and 8.7 times, the firm said. Sandown operates five Mercedes-Benz motor passenger vehicle dealerships, three Mercedes-Benz, Freightliner and Fuso commercial vehicle dealerships, as well as one Fiat and Chrysler motor dealership. The dealerships are in Cape Town, Stellenbosch, Worcester, and Paarl.

Super Group said it would buy the property at Century City from which Sandown Motors operated one of the dealerships, for R200m.

In addition to the dealerships and the property, Super Group said that it would purchase vehicle inventory estimated at R580m, which would be financed by a primary facility from Mercedes-Benz Financial Services SA and a secondary facility from Wesbank, a division of First Rand Bank.

"The acquisition of Sandown Motors and the property is in line with our strategy and represents an opportunity for the group to build a dealership footprint in the second-largest car market SA." The company had a policy of owning dealership properties in strategic places in the country, Super Group said. The company hopes to wrap up the deal by September.

The share price dropped 1.42% to R39.50 yesterday, putting the brakes on a rally that saw Super Group's share price increase 521% and its market value swell to R14.18bn in the past five years.

The JSE's industrials index has ascended 197% in the same period, while the share price of larger transport and logistics company Imperial, whose market cap is almost double Super Group's, has gained 36.61% since 2010 to R128.41

Source: Business Day

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