

SA's largest construction equipment auction achieves sales of over R52 million

South Africa's largest online construction equipment auction in recent years took place this month following the liquidation of a subsidiary of Protech Khuthele Holdings, Pela Plant.

The embattled JSE-listed construction and engineering group applied to be placed under liquidation in 2014 in an attempt to salvage some value. The auction comes at a time when liquidations in South Africa have been on the rise, particularly in this sector. Statistics SA recently reported a rise in total liquidations of 6.5% in the three months ended January 2015 compared with the three months ended January 2014. In January 2015 alone, the total number of liquidations increased by 3% with 13 of the 136 cases being compulsory.

After a thorough consideration of possible channels and certain strategic direct sales, the liquidators ultimately elected to sell all the remaining assets via an online auction. In what has been the most hotly anticipated sale of earthmoving equipment in recent years, the auction attracted both local and international buyers achieving total sales of over R52 million.

The auction items, which required urgent disposal, included a strong collection of assets such as Mercedes Benz actros's, tippers, ready mixers and Komatsu dozers. "The auction attracted such widespread interest as it offered an opportunity for smaller mining and construction companies to acquire quality equipment, without having to pay the hefty fees associated with new items," commented Ariella Kuper of Clear Asset, the company tasked with taking the items to auction.

The online auction attracted 29 000 views globally, with over 3 000 bids made achieving total sales of over R52 million. "The results are phenomenal. We have seen extensive adoption of the online auction platform in this space over recent years and the results achieved are testament to this. We also expect this to grow in the near future as more companies in the mining and construction sectors adopt the platform."

Based in South Africa, Clear Asset sells nearly 50% of assets to international buyers from as far afield as Brazil, the UAE and Australia.

“As our online platform removes all geographical challenges for such trading, we have buyers all over the world who can purchase equipment at the click of a button and have it shipped wherever it needs to go. The advantages for smaller companies requiring quality assets at affordable prices are extensive, and as such we have seen a large increase in bidding activity each month.”

International Mining Machinery, an Australian based company who purchased a selection of equipment during the auction commented, “It was an easy purchasing decision for us. The assets were very well represented online with full disclosure and the bidding system is very easy to use. With us being based out of South Africa we rely heavily on the technical reports and representation provided.”

The success of this model is certainly not limited to small and medium sized equipment. Last year Clear Asset successfully sold a 3,300 ton dragline machine, valued at over R1billion new, which was the first time such an asset had been sold in South Africa in over 15 years.