

## **MEDIA RELEASE**

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### **Commission approves acrylic products merger with conditions**

The Competition Commission has placed conditions in its approval of the proposed acquisition by Evonik Industries AG (“Evonik”), a German chemical manufacturer and plastics supplier and Maizey (Pty) Limited (“Maizey”), a South African plastic products distributor of Ampaglas Plastics Group (Pty) Limited (“Ampaglas”) and Main Street 902 (Pty) Limited (“Newco”).

There were competition concerns raised in relation to Maizey’s participation in this transaction and the likelihood of foreclosure. Maizey has since withdrawn from this transaction and is no longer a shareholder in Newco.

Ampaglas is a manufacturer and supplier of extruded acrylic sheeting, a Polymethyl Methacrylate (PMMA) based product. Evonik imports PMMA product lines - cast acrylic and extruded acrylic sheets into the country. Both these parties compete in the market for the supply of PMMA extruded acrylic sheeting. Maizey is the sole distributor of Evonik’s cast and extruded acrylic sheets in the country and it also distributes some of Ampaglas’ products, as well as products for the competitors of Evonik and Ampaglas.

Post-merger, Evonik will hold a controlling interest in Newco, which will house PMMA product lines produced by the merging parties. Both companies will no longer compete in the market for PMMA products and Ampaglas will continue to manufacture its other plastic product lines independently of Newco.

Although the Commission found that the proposed transaction is likely to substantially lessen or prevent competition in the manufacturing and supply of extruded acrylic market the efficiencies, such as innovation, and public interests benefits that will be realised through this merger outweigh the competition concerns.

Thus, the Commission has placed a condition on its approval of the merger to ensure that Newco does not expand its business into other product lines that the merging parties currently produce, sell or distribute in the country. This condition has been imposed for a period of two years. Newco will be required to report to the Commission during this period.

PMMA products are mainly used for illuminating advertising applications, shop interior displays and in the construction industry for the building of tunnel vaults and lighting globes.

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