

Weekly Media Statement
For Immediate Release
20 July 2018

LATEST DECISIONS BY THE COMPETITION COMMISSION

1. Key decisions on mergers and acquisitions

1.1 IRL (South Africa) Resources Investment (Pty) Ltd and Mapochs Mine (Pty)

The Commission has prohibited the proposed small merger in terms of which IRL (South Africa) Resources Investment (Pty) Ltd intended to acquire the assets of Mapochs Mine (Pty) Ltd (Mapochs Mine) which is currently under provisional liquidation.

The IRL Group does not have any mining activities in South Africa.

Mapochs Mine is or was a titaniferous magnetite ore open cast mining operation which produces vanadium bearing ore. Whilst operational, Mapochs Mine produced vanadium bearing ore of varying sizes.

Following the investigation, the Commission found that the proposed merger is likely to substantially prevent or lessen competition. Further, the proposed merger raises significant public interest concerns. In relation to competition concerns, the Commission found that the merged entity will have the ability and incentive to foreclose downstream processors of vanadium bearing ore. The Commission found that as a result of this foreclosure, there will also be a detrimental effect on public interest with particular reference to the effect on the mining industry and the ability of national industries to participate in international markets.

In order to alleviate these concerns, the Commission proposed remedies to the merging parties. The Commission and the merging parties however were not able to agree on acceptable remedies. Absent acceptable remedies which could alleviate the concerns uncovered by the Commission, the Commission prohibited the proposed merger.

1.2 Invicta South Africa Holdings (Pty) Ltd (Invicta SA) v The Business of Belt Brokers Proprietary Limited (Belt Brokers), F & H Machine Tools Proprietary Limited and Allied Putziger (Pty) Ltd T/A Toolquip (Toolquip)

The Commission has recommended to the Tribunal that the proposed merger be approved, without conditions, whereby Invicta SA intends to acquire Belt Brokers and Toolquip.

Invicta SA is a management company that is listed on the Johannesburg Securities Exchange. The Invicta Group, through its business divisions, distributes a variety of products including bearings, seals, power transmission components, electric and geared motors, belting, fasters, filtration, hydraulics, engineering tools and equipment.

Belt Brokers is focused on the importation of conveyor belting, manufacture of related components, accessories and provision of related services such maintenance and splicing. Toolquip is focused on the importation and distribution of machine tools, hand tools, parts and engineering consumables.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. In addition, the proposed transaction does not raise public interest concerns.

1.3 Ethos Mid Market Fund I (Fund I) v Gammatek SA (Pty) Ltd (Gammatek)

The Commission has approved, without conditions, the proposed transaction whereby Fund I, intends to acquire Gammatek.

Fund I is a black-managed, mid-market focussed private equity fund in South Africa. The core strategy of Fund I is mid-market leveraged buyout transactions, where it seeks to be the lead shareholder. Fund I targets high growth potential companies that are often not optimally capitalised, leveraging Fund I's proven value add and operational transformation skills.

Gammatek is a distributor of branded technology accessories. It provides branded technology accessories for a variety of technological products including mobile phones, tablets and laptops. These include protective cases, screen protectors, audio accessories, power banks, chargers and cables. Gammatek's business also involves the supply of collectible toys and educational toys.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. In addition, the proposed transaction does not raise public interest concerns.

1.4 Urban Impact Properties Ltd (UIP) v Pulse Student Lifestyle (Pty) Ltd (PSL)

The Commission has recommended to the Tribunal that the proposed merger be approved, without conditions, whereby UIP intends to acquire PSL.

UIP is a property holding and investment company which specialises in investing in portfolios of companies owning general residential and student accommodation rental properties throughout South Africa. UIP is controlled by Old Mutual Group Holdings (SA) (Pty) Ltd (OMSA). OMSA is a South African based holding company with a number of subsidiary companies, whose activities span various markets, including asset management, savings plans, general insurance, life insurance, banking and investment product offerings, property investment and general property development.

PSL is a property holding and investment company, specialising in development investments. The property portfolio of PSL consists of 17 student accommodation and residential properties in the Johannesburg, Pretoria, Cape Town and East London areas.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed the transaction does not raise any public interest concerns.

1.5 Capmount 12 (Pty) Ltd (Capmount 12) v Pfisterer SA Holdings (Pty) Ltd (Pfisterer)

The Commission has approved, without conditions, the proposed transaction whereby Capmount 12, intends to acquire Pfisterer.

Capmount 12 is controlled by Thesele Group (Pty) Ltd (Thesele Group), a black-owned investment holding company. Thesele Group invests in companies which provide a wide range of products and services including financial services, short and long term truck hire, wholesale supply of auto-electrical products in the automotive sector, as well as asset and investment management.

Pfisterer is a manufacturer and supplier of products and solutions that are utilized in energy transmission, energy distribution and the operation of electric railway systems. From its production facilities in Pietermaritzburg, Pfisterer supplies a range of electrical cable and overhauled line hardware, insulators and accessories for low, medium, high and extra high voltage applications across the energy, transport technology and industrial sectors.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. The Commission found that the proposed transaction is unlikely to result in any job losses. In addition, the proposed transaction does not raise any other public interest concerns.

1.6 Aisin Seiki Co. Ltd (Aisin), v Toyota Auto Parts Philippines, Inc. (TAP)

The Commission has approved, without conditions, the proposed transaction whereby Aisin, intends to acquire TAP.

Aisin is a Japanese company that manufactures and supplies components and systems for the automotive industry. The Aisin Group in its entirety manufactures and supplies a range of automotive products such as engines, drivetrains (which includes transmissions), bodies, chassis, brakes, electronics and other automotive parts for various major Original Equipment Manufacturers (OEM). In addition, Aisin supplies a range of life and amenity products such as beds, furniture, sewing machines, toilet seats and speaker systems. In South Africa, the Aisin Group supplies OEM automatic transmissions and brakes to motor vehicle manufacturers.

TAP is involved in the manufacturing and supply of motor vehicle parts and accessories. In South Africa, TAP's only activity is the supply of OEM manual transmissions (manual gearboxes).

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. In addition, the proposed transaction is unlikely to have a negative effect on employment as the merging parties do not have any employees in South Africa.

1.7 Spear REIT Ltd (Spear) v Webram Four (Pty) Ltd (Webram)

The Commission has approved, without conditions, the proposed transaction whereby Spear, intends to acquire Webram.

Spear is listed on the Johannesburg Securities Exchange Limited and is not controlled by any firm. Webram is a special purpose vehicle, created for the purposes of holding the immovable property and rental enterprise known as, Erf 5248 Montague Gardens and Erf 5254 Montague Gardens, situated at 1 Waterhouse Drive, Century City, Cape Town, Western Cape.

The Commission found that the proposed transaction is unlikely to result in any job losses. In addition, the proposed transaction does not raise any other public interest concerns.

1.8 Just Names Properties 11 (Pty) Ltd (JNP 11), v Fortress Income 2 (Pty) Ltd on behalf of the immovable property and rental enterprise known as Erf 952 New Redruth Extension 1 Township (Fortress 2)

The Commission has approved, without conditions, the proposed transaction whereby JNP 11, intends to acquire the immovable and rental enterprise known as Erf 952 New Redruth (New Redruth) from Fortress 2.

JNP 11 forms part of the AJP Group, which is made up of a number of entities which are all incorporated in terms of the laws of South Africa.

New Redruth is an immovable property and rental enterprise which is situated at Austel Street, New Redruth, Alberton, Gauteng and it is classified as a retail property. New Redruth is owned by Fortress 2.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. The Commission further found that the proposed transaction is unlikely to result in any job losses. In addition, the proposed transaction does not raise any other public interest concerns.

1.9 Blackrock Property Investments (Pty) Ltd (Blackrock Property Investments), v Witkopen Corner (Pty) (Witkopen Corner) Ltd in respect of the property letting enterprise known as Rivonia Crossing 2

The Commission has approved, without conditions, the proposed transaction whereby Blackrock Property Investments, intends to acquire the property letting enterprise known as Rivonia Crossing 2 from Witkopen Corner).

Blackrock Property Investments is a property investment company that purchases properties with a long-term investment outlook. The property portfolio of Blackrock Property Investments ranges from residential, office and retail property. The properties of the Acquiring Group are located in Pietermaritzburg, Pinetown, Standerton, East London, Durban and Ladysmith. Of relevance to the proposed transaction, the Acquiring Group does not own any retail properties in Johannesburg.

Witkopen Corner owns the property letting enterprise known as Rivonia Crossing 2, which is classified as a retail property situated in Paulshof, Johannesburg, Gauteng.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. The Commission further found that the proposed transaction is unlikely to result in any job losses. In addition, the proposed transaction does not raise any other substantial public interest concerns.

1.10 Dutoit Invest (Pty) Ltd & Ceres Koelkamers (Pty) Ltd (Dutoit Invest) v Cape Fruit Coolers (Pty) Ltd (CFC)

The Commission has approved, without conditions, the proposed transaction whereby Dutoit Invest, intends to acquire CFC.

The Dutoit Group comprises various companies operating in the agricultural market encompassing the production of fresh fruit and vegetables, the marketing and sale thereof in the domestic and international markets and other related services.

CFC is a fresh produce cooling and cold storage plant based in Killarney, Western Cape. Some produce is received at the storage facility pre-cooled and from refrigerated truck and require a brief re-cooling period, while other produce is received at ambient temperatures directly from the producers. CFC only offers regular atmosphere cooling services for palletized fresh produce exporters who make use of the Cape Town harbour to export their produce to various countries.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. The Commission further found that the proposed transaction will not result in job losses. In addition, the proposed transaction is unlikely to raise any other public interest concerns.

1.11 Hudaco Trading (Pty) Ltd (Hudaco Trading) v The Business of Secequip (Pty) Ltd (Secequip)

The Commission has approved, without conditions, the proposed transaction whereby Hudaco Trading, intends to acquire Secequip.

The Hudaco Group specializes in the importation and distribution of high-quality branded industrial, automotive and electronic consumable products. These activities are carried out through the various operating divisions of Hudaco Trading. Certain of the Hudaco Trading operating divisions are also engaged in the manufacturing of the products they distribute. Of relevance to the proposed transaction is the division of the Hudaco Group – Elvey Security Technologies. Elvey Security Technologies is a distributor of electric security systems, including intruder detection, access control, CCTV, fire detection, electric fencing and specialised products, as well as related consumables.

The Secequip business specialises in the sale of security equipment to trade customers in the South African market. The product is sold by the Secequip Business include intruder detection alarms, CCTV, access control and associated peripherals.

The Commission found that the proposed transaction is unlikely to have a negative impact on employment. In addition, the proposed transaction does not raise any other public interest concerns.

2. Non Referrals: The Commission has taken a decision to non-refer (not to prosecute) the following cases:

2.1 Edward Byerley of Solar GreenSA (Pty) Ltd v Department of Health Tygerber Hospital

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

2.2 Eltra Africa, The Equipment Rental Company, Alpha Resources Africa, United Laboratory Service, and Laboratory Calibration & Services v Verder Scientific

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

2.3 Greater Soweto Commuter Forum and Mpumalanga Commuters Organisation v Putco Bus Service

[ENDS]

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