Weekly Media Statement
For Immediate Release
26 September 2018

LATEST DECISIONS BY THE COMPETITION COMMISSION

1. **Key decisions on mergers and acquisitions**

1.1 Cipla Medpro South Africa (Pty) Ltd (Cipla)v Mirren (Pty) Ltd (Mirren)

The Commission has approved the merger without conditions whereby Cipla intends to acquire Mirren.

The Cipla Group develops, manufactures and supplies healthcare products worldwide, including scheduled human pharmaceutical products over the counter and prescription drugs. Furthermore, it provides distribution and marketing services in respect of pharmaceutical products.

Mirren is a producer of branded over the counter medication. It is involved in the manufacture of medication falling within the following ATC 3 classification codes, namely, cold and flu medication (R2A, R5A, R5D); vitamins and minerals (A11A, A12C); gastrointestinal medication (A4A, A7F); pain management medication (N2B), and disease management medication (P1D).

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

1.2 Luckyvest 77 (Pty) Ltd (Luckyvest) v LinkAfrica Group (RF) (Pty) Ltd (LAG), Linkafrica (Pty) Ltd (LinkAfrica) and H2O Networks South Africa (Pty) Ltd (H2O)

The Commission has approved the merger without conditions whereby Luckyvest intends to acquire LAG, LinkAfrica and H2O.

Luckyvest is a shelf company and thus does not conduct any business operations.

LAG is the holding company for LinkAfrica and H20. LinkAfrica provides wholesale telecommunication services and H20 builds and installs fibre optic infrastructure only for LinkAfrica. The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market.

In addition, the Commission found that the proposed transaction does not raise employment or any public interest issues.

1.3 Fairfax Africa Holdings Corporation (FAH) v Consolidated Infrastructure Group Ltd (CIG)

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

FAH is controlled by Fairfax Financial Holdings Limited (FFH), a public company incorporated in accordance with the laws of Canada. In South Africa, FFH directly controls Bryte Insurance Company Limited (Bryte Insurance). FAH also controls Fairfax Africa Holdings Investments Limited (FMA), which in turn ultimately controls AFGRI Group Holdings (Pty) Ltd (AFGRI). Bryte Insurance which is a short insurance company that offers Business and Specialist insurance under various segments in both categories. AFGRI offers various goods and services in the agriculture industry which includes amongst others; animal feed products and services, farmer development and training, agricultural finance and insurance, farming equipment sales (sold as new, used, parts and services) and grain management which consists of storage, marketing and procurement .

CIG is an infrastructure focused company listed on the JSE. CIG has exposure to the power and extraction industries across Africa and the Middle East through four divisions, namely CONCO (power generation), Drift Supersand (building materials), AESL (oil and gas) and Tractionel (rail). CONCO provides power and extraction services (which includes the supply of low voltage, medium voltage and high voltage solutions, electrical substations, overhead power lines, renewable energy and related products). The Drift Supersand provides crushed stone and rock for the construction industry for application in roads, ready mix, and concrete and for stabilisation; and it further manufactures and supplies bricks. AESL provides fully integrated waste management services to the oil and gas industry, which includes the collection, recycling and disposal of oil-based waste created during the drilling process. Tractionel provides power transmission lines as well as the installation and maintenance of electrical lines for railway lines and railway maintenance services.

The Commission considered the activities of the merging parties and found that the proposed transaction does not result in a horizontal overlap because the acquiring group does not provide any products or services that are substitutable to the target firm's products and services. As such, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa.

The Commission found that the proposed transaction does not raise any employment concerns. In addition, the proposed transaction does not raise any public interest concerns.

1.4 Intelichem Holdings Proprietary Limited (Intelichem Holdings) v Meridian Argochemical Company (Pty) Ltd (Meridian)

The Commission has approved, without conditions, the proposed transaction whereby Intelichem Holdings, intends to acquire Meridian.

The Intelichem Group is involved in the provision of rentable property, the distribution of specialised plant nutrition products and crop-protection (agrochemical) products. In respect of the agrochemical activities, it provides consulting services to producers of fruit and other crops in the agricultural industry. The Intelichem Group sells selective oilseeds and vegetable crops. Relevant to the proposed transaction is the crop-protection (agrochemicals) activities.

Meridian specialises in the development, manufacturing and wholesale supply of high value crop protection chemicals (agrochemicals) and therefore it is predominately active in the upstream market for the manufacture of agrochemicals products.

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

1.5 Sturrock Grindrod Maritime (Pty) Ltd (SGM) v Novagroup (Pty) Ltd (Novagroup)

The Commission has recommended to the Competition Tribunal (Tribunal) that the proposed transaction be approved without conditions, whereby SGM intends to acquire Novagroup.

SGM offers a wide range of services to the maritime industry. The sub-divisions are Ships Agency and SGM Marine Tech. SGM's Ships Agency provides integrated ships agency services in both liner and non-liner functions. Its liner services include dry, wet and break bulk, husbandry agency, security services, ship repair coordination, supply chain logistics and crew assistance. Its non-liner services include container logistics, tank container leasing, waiver certificates; the purchase and sale of containers and cabotage.

SGM Marine Tech is a specialised technical procurement and engineering division of SGM. The operations include sales and servicing of life rafts, immersions suits and lifejackets, servicing of life boats, rescue boats, Fast Rescue Craft, sales and servicing of maritime firefighting equipment, sourcing and supplying services to the marine and allied industries, after-sales service for technical equipment and full project management of ship repair requirements and cleaning, maintenance and lashing of ships cargo holds and tanks.

Novagroup subsidiaries are Pilar Properties, Novatech and Novamarine. Pilar Properties is a property company which owns the property from which Novagroup's Cape Town activities are based.

Novatech focuses predominantly on marine mechanical operations in the fishing, off-shore mining and industrial market segments. Novatech is made up of two divisions: Hesper Engineering and Shipwright. Hesper Engineering provides industrial engineering and ship repairs which includes metal work as well as marine repairs. Shipwright performs carpentry of ships which includes the decks as well as the accommodation quarters on board. Novamarine provides support, service, repairs and survival equipment for the marine and aviation industry. These includes: life raft services division, fire service, lifeboat or rescue boat, electronics department and ship chandling.

The Commission's found that it is unlikely that the proposed transactions is unlikely to substantially prevent or lessen competition in any market. In addition does not raise any other public interest concerns.

1.6 Macsteel Global S.A.R.L. BV (MacGlobal) v Macsteel International Holdings BV (MIHBV)

The Commission has approved the merger without conditions whereby MacGlobal intends to acquire the remaining shares in MIHBV.

MacGlobal, is a firm incorporated in accordance with the laws of Luxembourg. MacGlobal is a wholly owned subsidiary of Macsteel Holdings Luxembourg SARL (MacHold). MacGlobal conducts business in South Africa through Macsteel Service Centres South Africa (Pty) Ltd (MSCSA) and the subsidiaries of MIHBV. MSCSA is a steel service centre and distributor supplying a full range of carbon steel, special steel, stainless steel, aluminium products and value added steel products to customers predominantly based in Southern Africa.

MIHBV conducts its activities in South Africa through MUR Group BV (MUR) and Macsteel International Trading Holdings BV (MIT). MUR is MIHBV's shipping division. MUR provides international conveyance of dry bulk and break bulk cargo with shipping vessels. MIT is a bulk steel trader and trades in a vast range of products including hot and cold rolled coil, billets, wire rod, slabs, stainless steel, aluminium, reinforced bar, tubes and pipes, galvanized and engineered steel products and iron. The Commission found that there is no horizontal overlap between the activities of the merging parties as they operate at different levels of the value chain.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition. Further, there are no public interest concerns likely to arise from the proposed transaction.

1.7 Americash Group LLC (AGL) v Finbond Group Limited (FGL)

The Commission has approved the merger without conditions whereby AGL intends to acquire FGL.

AGL and AGL SA are special purpose vehicles and do not have any activities. Further, none of the current shareholders of AGL and AGL SA have controlling interest in these firms. Nonetheless, the shareholders of the AGL and AGL SA are the same shareholders of the FGL. The activities of FGL can be grouped into the short-term unsecured lending; transactional banking; and savings and investments.

The Commission considered the activities of the merging parties and found that the proposed transaction does not result in any horizontal or vertical overlaps as the acquiring firms (AGL and AGL SA) do not have any business activities in South Africa. The proposed transaction is merely a restructuring of the shareholding of the largest shareholders of FGL and as such it does not change the structure of any market. In addition, the proposed transaction does not raise any public interest concerns.

1.8 Stor-Age Property Reit Ltd (Stor-Age) v Roeland Street Investments 2 (Pty) Ltd (RSI 2) and Roeland Street Investments 3 (Pty) Ltd (RSI 3)

The Commission has approved the merger without conditions whereby Stor-Age intends to acquire RSI 2 and RSI 3.

Stor-Age is a specialised property fund focused on the fast growing self-storage sector, a niche sub-sector of the broader commercial property market. Stor-Age offers secure rentable self-storage units and related services. Its self-storage units are available in different sizes, enabling its tenants to store varying sizes and types of goods. Stor-Age has a portfolio of self-storage properties positioned in key urban and sub-urban areas of Johannesburg, Pretoria, Cape Town, Durban, Port Elizabeth and Bloemfontein. Stor-Age also provides a range of self-storage related products which include self-storage boxes, padlocks, bubble wrap, tape and other packaging items. In addition, customers who require assistance to move into one of Stor-Age's facilities are able to rent a small van (subject to availability) at certain participating store.

RSI 2 and RSI 3 both hold a portfolio of self-storage properties in South Africa. Its portfolio comprises of 12 properties, 11 of which are in the RSI 2 portfolio and 1 in the RSI 3 portfolio.

Thus, the Commission found that there is horizontal overlap between the activities of the merging parties as they are both active in the provision of rentable self-storage space in various geographic areas. However, the Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the affected markets as the merged entity will be constrained by numerous other competitors from unilaterally increasing its rentals. In addition, the proposed transaction does not result in significant public interest concerns.

1.9 Pure Pharmacy Retail (Pty) Ltd (Intelichem Holdings) v LJ Farrell and Sons (Pty) Ltd (Farrel and Sons)

The Commission has approved, with conditions, the proposed transaction whereby Pure Pharmacy, intends to acquire Farrell and Sons.

Pure Pharmacy is a wholly-owned subsidiary of Pure Pharmacy Holdings (Pty) Ltd t/a the Medicare Group (the Medicare Group). The Medicare Croup is an integrated healthcare company that provides high quality, affordable healthcare services and products to South African healthcare consumers. The Medicare Group includes 42 retail pharmacies situated in the Western Cape, Gauteng, Free State, Limpopo and Mpumalanga provinces. The Medicare Group is also a wholesaler of pharmaceutical products.

Farrel and Sons is an independent retail pharmacy group operating two pharmacies based in Wynberg and Sun Valley in Cape Town, within the Western Cape Province.

The Commission found that the proposed transaction is unlikely to lead to a substantial prevention or lessening of competition.

The Commission however found that the proposed transaction results in a number of job losses. As such, the Commission considered ways of mitigating these job losses arising from the merger. In order to mitigate some of these concerns, the Commission and the acquiring firm then agreed on a set of remedies including amongst others setting up of a reskilling fund and preference being given affected employees in the event that there are future opportunities arising within the merged entity,

1.10 Safari Investments RSA Ltd (Safari) v Thornhill Shopping Centre (Pty) Ltd (Thornhill) in respect of its 100% interest in Thornhill Shopping Centre (the Target Property).

The Commission has approved, without conditions, the proposed transaction whereby Safari, intends to acquire the Target Property from Thornhill.

Safari is a property investment fund which invest in a diversified portfolio of commercial and retail properties in major South African metropolitan areas. The Target Property is a retail property located in Polokwane, Limpopo.

The Commission considered the activities of the merging parties and found that there is a horizontal overlap between their activities as they are both active in the provision of rentable retail space in comparative centres. The Commission, however, found that there is no geographic overlap between the rentable retail properties owned by the merging parties.

Accordingly, the Commission found that the proposed transaction is unlikely to substantially lessen or prevent competition in any relevant market.

In addition, the Commission found that the proposed transaction is unlikely to raise any employment or any other public interest concerns.

1.11 TFC Operations (Pty) Ltd (TFC Opco) v Part of the business of Kaapweg Motors CC known as Caltex Ranch Motors (CRM).

The Commission has approved, without conditions, the proposed transaction whereby TFC Opco, intends to acquire CRM.

TFC Opco is ultimately a wholly-owned subsidiary of Kaap Agri Limited ("Kaap Agri"). Kaap Agri and all of the firms it controls (Kaap Agri Group) supply a variety of products and services primarily to customers operating in the agricultural sector, but also to the general public. These products and services include farming implements, pesticides, feeds and fertilisers, packaging materials, building materials, steel and fencing products, camping, outdoor and gardening products. In addition to the above, Kaap Agri Group offers financial services (e.g. credit and insurance products), grain handling services (storage and grain marketing services), irrigation equipment and mechanisation services (mechanical and engineering services).

CRM operates a retail fuel service station in Kimberley, Northern Cape Province and it supplies Caltex branded petrol, diesel and lubrication products to the general public. CRM also operates forecourt coffee shop and convenience store providing fast moving consumable goods such as soft drinks, fresh food, processed food, tobacco products and many other consumables.

The Commisison found that the activities of the merging parties horizontally overlap to the extent that both Kaap Agri and CRM operate retail fuel service stations. However, the Commission found that there is no geographic overlap between the retail fuel service station activities of the merging parties as Kaap Agri does not conduct any retail fuel service station activities in Kimberly or the Northern Cape province. Accordingly, the Commission found that the proposed transaction is unlikely to substantially lessen or prevent competition in any relevant market.

In addition, the Commission found that the proposed transaction is unlikely to raise any employment or any other public interest concerns.

1.12 African Rainbow Energy and Power (Pty) Ltd (AREP) v Sonnedix Solar South Africa Holdings (Pty) Ltd (SAH).

The Commission has approved, without conditions, the proposed transaction whereby AREP, intends to acquire SAH.

AREP is a wholly subsidiary of Ubuntu-Botho Energy Holdings (UBEH), a private company registered in accordance with the company laws of South Africa. UBEH is wholly-owned by Dr. Precious Elizabeth Makgosi Moloi-Motsepe (PEMMM). AREP is an empowered investment company that has a long term investment strategy aimed at acquiring and operating power assets as well as offering clean energy solutions and complementary transmission investments.

SAH is an independent Power Producer (IPP) that produces renewable energy.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market as the activities of the merging parties do not overlap.

In addition, the Commission found that the proposed transaction is unlikely to raise any employment or any other public interest concerns.

1.13 Boma Real Estate Fund (Pty) Ltd (Boma) v Hyprop Investments Ltd (Hyprop), in respect of the property letting enterprise known as Lakefield Office Park (Target Property).

The Commission has approved, without conditions, the proposed transaction whereby Boma, intends to acquire the Target Property from Hyprop.

Boma is a newly established entity and currently does not have any activities in South Africa. However, Taylor-Made Property Asset Manager (Pty) Ltd (Taylor-Made Property), one of the firms controlling Boma, i owns Grade P, A, B and C office property and industrial properties primarily in Pretoria and Johannesburg. Boma and Taylor Made Property are collectively referred to as the Acquiring Group.

The Target Property is a Grade A office park situated within the Centurion Central Business District (CBD).

The Commission found that the Acquiring Group's office property activities do not overlap with those of the Target Property as the Acquiring Group does not own any Grade A office property within the Centurion

CBD or within a 10 kilometre radius thereof. Accordingly, the proposed transaction is unlikely to raise any competition concerns in any market.

In addition, the proposed transaction is unlikely to raise any employment concerns. The proposed transaction does not raise any other public interest concerns.

1.14 Grindrod Property Private Equity (Pty) Ltd (GPPE)v Dunrose Investments 82 (Pty) Ltd (Dunrose Investments)

The Commission has recommended to the Tribunal that the proposed transaction be approved without conditions, whereby GPPE intends to acquire Dunrose Investments.

GPPE is ultimately controlled by Grindrod Limited ("Grindrod"). Grindrod is listed on the Johannesburg Securities Exchange ("JSE") and is not controlled by any firm. Grindrod's activities include, inter alia, financial services, integrated logistics and specialised services and light industrial properties.

Dunrose Investments owns a light industrial property in Boksburg, Gauteng.

The Commission found that there is a horizontal overlap between the activities of the merging parties as they are both involved in the provision of lettable light industrial property. However, the Commission found that there is no geographic overlap between the merging parties' activities as Grindrod does not own any light industrial property within Boksburg. In particular, the closest Grindrod light industrial property to that of Dunrose Investments, is at least 20 kilometres away, in Denver, Gauteng. In addition, market participants informed the Commission that if rentals for light industrial property in Boksburg were to increase by 5-10%, they would not look for alternative light industrial property in Denver, but would seek alternatives within a 5 to 10 kilometre radius of Boksburg. Accordingly, the Commission found that the merger was unlikely to substantially lessen or prevent competition in any relevant market.

In addition, the Commission's found that it is unlikely that the proposed transaction willraise any employment or other public interest concerns.

1. <u>Non Referrals: The Commission has taken a decision to non-refer (not to prosecute) the following cases:</u>

2.1 Leonie Hall v Jodi Mitchell

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

2.2 Thami Kamanga v Clicks Operating Pharmacy in KwaMashu Power Centre

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

2.3 Brian Simphiwe Bukula v Sizwe Medical Aid Fund and Sechasa Medical Solutions

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

2.4 Kelly Thabo Nicodemus Seseane v Government Employee Medical Aid Scheme (GEMS), Discovery Health, Medscheme, Nedgroup Medical Scheme, and Bankmed

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

2.5 Anonymous v University of Free State

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

2. <u>Withdrawal of complaints: The Commission has taken a decision to accept the withdrawal of the following complaints</u>

3.1 Umar Farouk Mathir v Boss Paving South Africa

The Commission has taken a decision to accept the withdrawal of this complaint

3.2 WI Firbre (Pty) Ltd v Vumatel (Pty) Ltd

The Commission has taken a decision to accept the withdrawal of this complaint

[ENDS]

Issued by:

Sipho Ngwema, Head of Communications

On behalf of: The Competition Commission of South Africa

Tel: 012 394 3493 / 081 253 8889

Email: SiphoN@compcom.co.za

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