**Weekly Media Statement**

**For Immediate Release**

**03 May 2019**

**LATEST DECISIONS BY THE COMPETITION COMMISSION**

### 1.1 K2019054975 (South Africa) (Pty) Ltd (S NewCo) v Lowveld Bus Service business of Buthotis Trading (Pty) Ltd (Pty) Ltd (LBS)

The Commission has approved, without conditions, the proposed merger whereby NewCo intends to acquire LBS.

NewCo is a newly established firm that does not conduct any business activities. The firms controlling NewCo are active in the provision of logistics solutions, which include road freight and transport, managed logistics warehousing and distribution, supply chain integration and route-to-market fulfilment ("Acquiring Group"). Of particular relevance to this merger assessment, is the Acquiring Group's passenger bus transportation activities which are conducted to the Free State Province.

LBS operates a passenger bus service within and around the town of Lephalale in the Limpopo Province.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any market. The Commission further found that the proposed transaction does not raise any employment or other public interest concerns.

### 1.2 Stoney Meadows Investment 11 (Pty) Ltd (Stoney Meadows) v Uhambo Property Investment (Pty) Ltd (Uhambo)

The Commission has approved, without conditions, the proposed merger whereby Stoney Meadows intends to acquire Uhambo.

Stoney Meadows invests in properties and listed shares and receives rental income from its property investments and dividends income from its shareholding, respectively.

Uhambo's business consists of a grape farm. The farm conducts vineyard cultivating and grape harvesting. The business sells its grapes to a single customer in Stellenbosch.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in the relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

### 1.3 Capitec Bank Limited (Capitec) v Mercantile Bank Holdings Limited (MBHL)

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

Capitec operates as a retail bank, and although it also offers a limited range of business services, it does not provide business banking services to entities such as SME's, close corporations, companies, partnerships and trusts. Capitec offers transactional accounts, savings plans, insurance plans and credit options such as loans and credit cards. In addition, Capitec also provides forex services and merchant services.

MBHL is a registered bank which provides business banking services to customers throughout South Africa. MBHL's banking services includes, amongst others, borrowing solutions, investment solutions (call accounts, notice and fixed deposits and money market accounts) and insurance solutions.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in the relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

### 1.4 Karoo Private Limited (Karoo) v Cartrack Holdings Limited (Cartrack)

The Commission has approved, the proposed merger, without conditions, whereby Karoo intends to acquire Cartrack.

Karoo does not have any business activities in South Africa.

Cartrack is a provider of solutions for mobile asset management, asset recovery workforce optimisation and data analytics based on a proven telematics platform. Fleet management, tracking and recovery of vehicles and insurance telematics services remain Cartracks primary offerings.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant market. The Commission further found that the proposed transaction does not raise any employment or other public interest concerns.

### 1.5 Sima Chrome (Pty) Ltd (SIMA) v Bhaphalane Siyanda Chrome Company (Pty) Ltd (BSCC)

The Commission has approved, the proposed merger, without conditions, whereby SIMA intends to acquire BSCC.

SIMA invests in platinum group metals, chrome, base metals (manganese), energy (coal, uranium, oil, gas) and industrials. The products sold by the SIMA include metallurgical, chemical and foundry grade chrome.

BSCC is an investment holding company which is invested in various mining activities and is jointly controlled by SIMA pre-merger.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any employment or public interest concerns.

### 1.6 Barrows Khula (Pty) Ltd (BK) v Barrows Design and Manufacturing (Pty) Ltd (BDM) in respect of its retail corrugate display design and manufacture business (Target Business)

The Commission has approved, the proposed merger, without conditions, whereby BK intends to acquire the Target Business from BDM.

BK, through its subsidiaries, provides a number of products and services which include, private equity investment; real estate development and management services.

The Target Business is the corrugate display manufacturing division of BDM and provides various services in respect of corrugate (cardboard) display products, and operates in broad markets that include, design, prototype, and manufacturing.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any employment or public interest concerns.

### 1.7 Edgars acquisition approved with conditions

The Commission has taken a decision to recommend to the Competition Tribunal (Tribunal) that the proposed acquisition of Edgars Consolidated Stores Limited (ECSL) by New HoldCo (New HoldCo) be approved subject to conditions.

The Commission found that the proposed transaction was unlikely to result in a substantial prevention or lessening of competition in the relevant markets. The proposed transaction seeks to mitigate the dire financial position the Edcon Group finds itself in and avoids potential liquidation which may result in job losses.

The Edcon Group and the Economic Development Department (EDD) had agreed upon certain conditions aimed at promoting BEE, local procurement and preserving employment and the Commission has recommended that the merger is approved subject to such conditions.

Competition Commissioner, Tembinkosi Bonakele says: “The Commission believes that the proposed transaction will have an overall positive effect on employment, particular on the retail industrial sector because it seeks to preserve the job levels within the Edcon Group. The group intends to employ additional staff in the future. A significant number of Edcon employees could lose their employment were the business to be placed under business rescue proceedings if the acquisition is not approved.”

The conditions are a culmination of the merging parties and the EDD agreeing that the proposed transaction be approved subject to conditions substantively similar to those in Parentco/Edcon merger in 2016.

New HoldCo is a shelf company with no previous operations or activities in South Africa that has been established for the purposes of acquiring the entire issued share capital of the Edcon Group. ECSL controls Edcon Limited (Edcon) and, in turn, Edcon is controlled by Parentco. For the sake of convenience, ECSL, Edcon and all their subsidiaries are referred to as the Edcon Group.

The Edcon Group is active in the retail of apparel through various divisions, which sell men’s, women’s and children’s wear, fragrances, cosmetic products, home wares and cellular products.
The shareholders of New HoldCo comprise of local and international financial investors in the form of private equity investments firms and banks. None of the shareholders conduct any clothing retail activities. None of the shareholders of New HoldCo exercise any form of control over New HoldCo.

**Background**

The proposed transaction follows a failed attempt to restructure the Edcon Group in 2016. The previous restructuring transaction involved a consortium of creditors, “Parentco” which sought to acquire the entire issued share capital of Edcon Group (Parentco/Edcon).

The Commission recommended an unconditional approval of Parentco/Edcon merger, however, the Tribunal approved the merger subject to public interest conditions that had been agreed to between the EDD and the merging parties.

The Parentco conditions required Edcon Group to, amongst other things, use its best endeavours to avoid job losses, increase procurement from local suppliers and maintain BEE participation. Since the implementation of the Parentco/Edcon merger, the Edcon Group has provided the Commission and the EDD with periodic updates regarding Edcon Group’s financial challenges.

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

### 2.1 Luntu Mnembe v Matus (Pty) Ltd

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

### 2.2 ISP Solution T/A Johan Nagel v Freedom Samsung/ IP Group

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

**[ENDS]**

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