

## **Statement on Competition Commission Meeting of 9 December 2014**

To: All Media

Date: 11 December 2014

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

#### **1.1 Large Mergers**

##### **Proposed merger between Dimension Data (Pty) Ltd (DiData), and three divisions of MWEB**

The Commission has recommended to the Tribunal that the merger between DiData and the three divisions of MWEB be approved, with conditions. In terms of the proposed transaction, DiData intends to acquire three divisions of MWEB, namely; MWEB Business/ VOIP division, Optinet Network division and Optinet Services division.

The DiData operates through a variety of subsidiaries and divisions that specialise in information technology and communication services. MWEB sells products and services in the categories including internet connectivity, hosting services, cloud services, security, VOIP and email services.

There are public interest concerns arising from this proposed transaction. The Commission imposed a condition that no more than 35 employees of the merged entity should be retrenched as a result of the proposed transaction.

##### **Proposed merger between Shoprite Checkers (Pty) Ltd (Shoprite) and Ellerines Furnitures (Pty) Ltd (Ellerines)**

The Commission has recommended to the Tribunal that the acquisition of 217 leases including the business of Wetherlys from Ellerines, by Shoprite be approved, with conditions. The proposed transaction comes as a result of business rescue proceedings involving Ellerines and various subsidiaries in its group which suffered severe financial losses.

There are public interest concerns arising from this proposed transaction, in that there are 308 employees still under the employ of Ellerines. To ensure that the employees of Ellerines are not retrenched, the Commission imposed a condition that there should be no retrenchment of the remaining 308 employees post-merger.

##### **Proposed merger between KAP Industrial Holdings Ltd (KAP) and Metz Industries (Pty) Ltd (Metz)**

The Commission has recommended to the Tribunal that the merger involving the acquisition by KAP Industrial Holdings Ltd (KAP) of Metz Industries (Pty) Ltd (Metz), be approved, without conditions.

KAP owns industrial companies, which manufacture woven and knitted mattress fabric, inner springs and flexible polyurethane foam. Metz, which wholly-owns and controls Restonic, is a supplier and manufacturer of inner-spring mattresses.

## **1.2 Intermediate Mergers**

### **Proposed merger between Main Street 1270 (Pty) Ltd (Main Street) and Dimension Data (Pty) Ltd and others (DiData)**

The Commission has approved, without conditions, the merger between Main Street and DiData. The proposed transaction contemplates the establishment of Main Street that will be jointly controlled by DiData and Huntley (Pty) Ltd.

The merging parties are active in the wholesaling of Wi-Fi and mobile GSM/3G connectivity solutions. There are no public interest concerns that arise as a result of the proposed transaction.

### **Proposed merger between The Independent Institute of Education (Pty) Ltd (IIE) and Innospan Investments (Pty) Ltd (Innospan) and Nanospan Investments (Pty) Ltd (Nanospan)**

The Commission has approved, without conditions, the merger whereby (IIE) intends to acquire sole control over the businesses of Innospan and Nanospan, respectively.

IIE is a wholly-owned subsidiary of ADvTECH Limited. ADvTECH is a diversified education, training and placement group. Innospan is the operating company of the Centurus Colleges and Nanospan owns most of the properties and manages the buildings of the Centurus Colleges.

### **Proposed merger between Teva Pharmaceutical (Pty) Ltd (Teva) and Medpro Limited (Medpro)**

The Commission has approved, without conditions, the merger wherein Teva and Medpro intend to establish an unincorporated joint venture (JV). Through the JV, Medpro will acquire joint control over a range of pharmaceutical products currently owned by Teva as well as products in development. . Teva will acquire joint control over the oncology products as well as products in development and other marketing and distribution functions currently owned and/or performed by Medpro.

Medpro is a wholly-owned subsidiary of Cipla Limited, a global generic pharmaceutical manufacturing company. Teva develops, sells and markets a range of scheduled pharmaceutical products.

### **Proposed merger between New Laser Corporation (Newco) and Power Play**

The Commission has approved, with conditions, the merger, in terms of which New Laser Corporation (Newco) intends to acquire Power Play, a brand of the Coca Cola Company.

Newco is a special purpose vehicle formed specifically for the purposes of the proposed transaction and, a wholly-owned subsidiary of Monster Beverage Corporation.

The Commission is of the view that the proposed transaction is unlikely to result in any employment losses in the merged entity. However, the Commission considered the effects on employment at Super Group which may arise as a result of the possible termination of the Monster distribution contract with Super Group.

The termination of the Monster distribution contract could affect 81 employees at Super Group. The Commission imposed a condition that Monster does not terminate the exclusive distribution agreement with Super Group for a period of one year.

### **1.3 Small Mergers**

#### **Proposed merger between Compugroup Medical South Africa (Pty) Ltd (Compugroup) and Medical EDI Services (Pty) Ltd (Medical EDI)**

The Commission has approved, with conditions, the merger involving the acquisition by Compugroup of Medical EDI. Post-merger, Compugroup will have sole control over Medical EDI.

Compugroup is a provider of healthcare information technology for electronic medical records, pathology and communications systems with its main customers being medical practitioners. Medical EDI is a medical information technology company, and is involved in the development, marketing, licensing and support of PMA systems and switching services for medical professionals.

There are public interest concerns arising from this proposed transaction, in that the proposed merger is likely to result in approximately eight employees from Medical EDI being retrenched. The Commission has imposed a condition that limits the effect on employment regarding the eight employees and also provides for a two year moratorium on any other retrenchments as a result of the merger.



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## 2. Finalised Complaints

### **Maurice Meyer V Monsanto, Mid Chem, Wenkem, Technichem, Laeveld Agrochem and Ag-Chem**

The Commission has decided to non-refer the above complaint in which the complainant is a farmer. The respondents are manufacturers, suppliers and distributors of agricultural products such as seeds, herbicides and vegetables.

The complainant alleged that the Respondents have fixed the price of *Roundup*, a glyphosate herbicide.

The Commission found that there is no information that suggests or implies that there is a direct or indirect agreement or concerted practice by the distributors to engage in conduct that amounts to price fixing, or an agreement that substantially lessens or prevents competition.

#### **For more information:**

Mava Scott, Spokesperson

012 394 3527/ 076 095 2350/ [MavaS@compcom.co.za](mailto:MavaS@compcom.co.za)

Themba Mathebula, External Communication Coordinator

012 394 3325/ 084 896 0860/ [thembama@compcom.co.za](mailto:thembama@compcom.co.za)