

MEDIA RELEASE

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Commission blocks Raubex's acquisition of a Kimberly construction quarry and ready-mix firm

The commission has prohibited the small merger whereby Raumix Aggregates (Pty) Ltd (Raumix), a subsidiary of the Raubex Group Limited (Raubex) intends to acquire OMV Kimberley (Pty) Ltd (OMV Kimberley) and OMV Kimberley Mining (Pty) Ltd (OMV Mining), collectively known as the OMV Group. Post-merger, Raumix and ultimately Raubex would control the OMV Group.

The Commission found the proposed transaction would likely affect competition in the market for road surfacing rehabilitation in the Kimberly and surrounding areas. This specifically relates to the supply of COLTO (stringent specifications for road surfacing and reseal), road stones used in road surfacing of national roads.

National roads have to comply with the most stringent COLTO specifications as required by the South African National Roads Agency (SANRAL) whereas this can be lessened for the provincial roads.

With the acquisition, Raubex would have the ability and incentive to raise costs to its competitors downstream in instances where they would require road stones that meet COLTO specifications.

The Commission considered possible supply remedies proposed by the merging parties, but concluded that the remedies did not adequately address the concerns. Also, the Commission did not find any efficiencies or pro-competitive gains that would alleviate the concerns.

The Raubex Group of companies is active in a range of activities such as road construction (including surfacing, rehabilitation and maintenance), the production and supply of value added bitumen products, the production and supply of aggregates from quarries, Contract crushing of aggregates and other raw materials, the production and supply of asphalt and materials handling and beneficiation for the mining industry.

OMV produces aggregates that are used inter alia as road stone by road contractors, as well as in asphalt production and high-quality concrete applications.

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