

## **Annexure B**

### **Competition Commission blocks CTP's acquisition of Digital Disc**

The Competition Commission (Commission) has prohibited the proposed acquisition of Digital Disc Manufacturing and Replicating Business of CDT (CDT) by CTP Limited (CTP). The Commission is concerned that if allowed, this merger is likely to result in a substantial lessening of competition in the manufacture and replication of optical discs (i.e. CDs and DVDs). The transaction also raises public interest concerns.

CDT is a division of Times Media (Pty) Ltd and CTP is a wholly owned subsidiary of Caxton Publisher and Printers Limited. CDT and CTP are involved in the manufacture and replication of CDs and DVDs and jointly control almost 100% of the two markets.

The Commission found that the merged entity will have the ability to increase prices post-merger as it will not face significant competition. The Commission also found that the merged entity is likely to raise the minimum order sizes for the replication of CDs and DVDs and this may increase customers' costs post-merger. The merged entity will also have the ability and incentive to bundle replication and distribution services. This is likely to remove independent distributors from the market. With regards to public interest, the Commission found that the merger will result in job losses.

In order to remedy the negative effects arising from the proposed transaction, the Commission proposed certain conditions. However, the merging parties rejected these conditions. It is for this reason that the Commission has taken a decision to prohibit the merger.

Ends