**Statement on the decisions of the Competition Commission**

Date: 14 July 2016

## 1. Key decisions on Mergers and Acquisitions

**Proposed merger between UPM Raflatac South Africa (Pty) Ltd (UPM) (Raflatac) and Tiger Packaging Pty (Ltd) t/a Labelcote (Labelcote)**

The Commission has approved without conditions the intermediate merger whereby Raflatac intends to acquire Labelcote.

Raflatac manufactures self-adhesive label materials for product and information labelling for label printers and brand owners in the food, personal care, pharmaceutical and retail segments. Labelcote sources labelstock from a number of international suppliers (such as Raflatac) and supplies labelstock products and a range of other paper products (tags, board and bond paper).

The Commission found that the proposed transaction will not significantly lessen or prevent competition in the upstream market for the manufacture and supply of roll labelstock, and in the downstream market for the supply of intermediary value-add services of labelstock products. The Commission also found that the proposed transaction does not raise public interest concerns.

**Proposed merger between Africum Ltd (Africum) and Agrifriend Equipment (Pty) Ltd (Agrifriend)**

The Commission has approved without conditions the intermediate merger whereby Africum intends to acquire Agrifriend.

Africum provides a diversified range of products and services to agricultural producers, which include handling, marketing and storage of grain, provision of credit, short-term and long-term insurance. Agrifriend operates dealerships that sell agricultural machinery and implements.

The Commission found that the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition in the market for retail distribution of agricultural equipment. In addition, the proposed transaction does not raise any public interest concerns.

**Proposed merger between Tiger Consumer Brand Ltd (Tiger Consumer Brands) and Hercules Cold Storage (Pty) Ltd T/A Hercules Foods (Hercules Foods)**

The Commission has approved without conditions the intermediate merger whereby Tiger Consumer Brands intends to Hercules Foods.

Tiger Brands supplies its own branded fast moving consumer goods to the retail sector, as well as other branded and unbranded products to consumers in the retail and out of home or foodservice industries. Hercules Foods was founded as a community based butchery and has since evolved into a meat processing facility which now manufactures and supplies processed cold meats to retailers.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the national markets for the manufacture and supply of processed cold meats and the manufacture and supply of cold sauces. Furthermore, the proposed transaction does not raise any public interest concerns.

**Proposed merger between Famous Brands Management Company (Pty) Ltd (FBMC) and Lamberts Bay Foods Ltd (LBF)**

The Commission has approved without conditions the intermediate merger whereby FBMC intends to acquire LBF.

FBMC is the franchisor in respect of restaurants which include Steers, Wimpy, Debonairs Pizza, FishAways, House of Coffees, Tashas, Mugg & Bean, O'Hagans and Wakaberry. LBF is a producer of frozen French fries and speciality potato products at its factory in Lamberts Bay for sale to restaurants as well as the wholesale and retail sector. The potato specialities produced by LBF include potatoes wedges, potato cubes, potato slices, potato skins, chips and hash browns.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. Furthermore, the proposed transaction does not raise any public interest concerns.

**Proposed merger between Texton Property Fund Ltd (Texton Property Fund), Blend Property 17 (Pty) Ltd (Blend 17) and Blend Property 20 (Pty) Ltd (Blend 20) in respect of a portfolio of office properties situated in Bedfordview, Craighall Park and Rivonia (the Target Properties)**

The Commission has approved without conditions the intermediate merger whereby Texton Property Fund intends to acquire the Target Properties. Post-merger, Texton Property Fund will control the Target Properties.

Texton Property Fund is a property holding and investment company formed to invest directly in income-producing properties. The Target Properties are office properties that are located in Rivonia, Craighall and Bedfordview in the Gauteng Province.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition as there are alternative players that will continue to constrain the merged entity. Further, the proposed transaction does not raise any public interest concerns.

**Proposed merger between Vukile Property Fund Ltd (Vukile), Diecel Trade & Invest (Pty) Ltd (DTI) and Protea Glen Shopping Centre (Pty) Ltd in respect of a property letting enterprise known as Protea Glen Shopping Centre (Target Property)**

The Commission has recommended to the Tribunal that the large merger whereby Vukile and DTI intend to acquire the Target Property be approved with conditions. Post-merger, Vukile and DTI will have joint control in the Target Property.

Vukile is a property owning company whose property portfolio is diversified across sectors of the rental property market, including office property, retail property, industrial property, as well as land under development and other speciality properties. DTI holds a diverse portfolio of properties comprising of rentable retail, special retail, residential, industrial and office properties in the Free State, Gauteng and Mpumalanga Provinces. The Target Property is a retail property and is classified as a minor regional centre located in Soweto, Gauteng Province.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the provision of rentable space in comparative centres within a 15km radius of the Target Property, as the market share of the merged entity will remain low post-merger. However, the Commission identified a competition concern relating to potential exchange of competitively sensitive information arising from the Co-Ownership Agreement between Vukile and DTI in respect of the Target Property. In order to allay this concern, the Commission recommends that the proposed transaction be approved subject to certain conditions that would prevent the sharing of competitively sensitive information. In addition, the proposed transaction does not raise any public interest concerns.

**Proposed merger between KKR DVB Aviation Capital Ltd (KKR DVB) and AerCap Holdings N.V. (AerCap) in respect of a portfolio of 37 aircraft (Transferred Firm)**

The Commission has recommended to the Tribunal that the large merger whereby KKR DVB intends to acquire the Transferred Firm from AerCap be approved without conditions.

KKR DVB is a special purpose vehicle created for purposes of the proposed transaction. KKR is a global investment firm that offers a broad range of alternative asset funds and other investment products to investors. AerCap is a public company listed on the New York Stock Exchange. The Transferred Firm comprise of a portfolio of 37 aircraft, of which only one is located in South Africa.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. Furthermore, the proposed transaction does not raise any public interest concerns.

**Proposed merger between Invenfin (Pty) Ltd (Invenfin) and Dynamic Commodities (Pty) Ltd (DC)**

The Commission has recommended to the Tribunal that the large merger whereby Invenfin intends to acquire DC be approved without conditions.

The Acquiring Group is an investment holding company whose activities are concentrated mainly on the management of investment and the provision of support services to its investee companies. The Acquiring Group also holds interests in firms involved in, among others, the food, liquor, home care, banking and healthcare sectors. DC is an export driven business, largely to developed markets such as the United State of America, Germany, Japan and South Korea. DC and its subsidiaries manufacture frozen desserts and snacks.

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

**Proposed merger between Nestlé S.A. (Nestlé) and R&R Ice Cream Public Ltd Company (R&R Ice Cream)**

The Commission has recommended to the Tribunal that the large merger whereby Nestlé) and PAI Europe V (Fund V) will establish JVCo, which will be an incorporated joint venture, be approved without conditions.

Nestlé manufactures and supplies non-frozen food, beverage, and healthcare products. R&R Ice Cream is a global ice cream manufacturer.

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

2. **Non Referrals – The Commission has taken a decision to non-refer (i.e. not to prosecute) the following cases:**

    a) **Tony Chauhan United City General Trading (Pty) Ltd v Woodlands Dairy (Pty) Ltd –** *The Commission found that the conduct complained of does not contravene the Competition Act.*
    b) **Pieter Adlem v Coca-Cola -** *The Commission found that the conduct complained of does not contravene the Competition Act.*
    c) **Susan Jane Randall v Government Employees Medical Scheme -** *The Commission found that the conduct complained of does not contravene the Competition Act.*
    d) **Jayaseelan Mudali v Volkswagen of South Africa -** *The Commission found that the conduct complained of does not contravene the Competition Act.*

Ends

**For more information:**
Itumeleng Lesofe, Spokesperson
012 394 3287/ 073 805 7733/ ItumelengL@compcom.co.za