

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

To: All Media

Date: 29 January 2016

### **1. Key decisions on Mergers and Acquisitions**

#### **1.1 Large Mergers**

##### **Proposed merger between KAP Automotive (Pty) Ltd (KAP Automotive) and Autovest Limited (Autovest)**

The Competition Commission (Commission) has recommended to the Competition Tribunal (Tribunal) that the large merger whereby KAP Automotive intends to acquire Autovest be approved, without conditions. Post-merger, KAP Automotive will have sole control over Autovest.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition, as there is no product overlap in the activities of the merging parties.

The KAP Group comprises of companies that provide services through two divisions, namely diversified logistics and diversified industrial.

Autovest Group supplies original equipment manufacturing approved products that are sold through aftermarket franchised fitment dealerships throughout South Africa.

##### **Proposed merger between Cashbuild Management Services (Pty) Ltd (Cashbuild) and P & L Hardware (Pty) Ltd (P&L)**

The Commission has recommended to the Tribunal that the large merger whereby Cashbuild intends to acquire P&L, be approved without conditions. As part of the transaction, P&L intends to acquire control over P&L Boerebenodighede Investments (Pty) Ltd (P&L Investments) and Rio Ridge 1027 CC (Rio Ridge). Post-merger, Cashbuild will acquire direct control over P&L and indirect control over P&L Investments and Rio Ridge.

The Commission found that the market in which Cashbuild and P&L operate is competitive and fragmented with national retailers and many independent retailers competing in the national, local and regional markets. Thus, the merger is unlikely to substantially prevent or lessen competition.

The Cashbuild Group is primarily involved in the retail supply of building materials, hardware and related products in six countries across Southern Africa.

P&L is a retailer of building materials, hardware and related products. P&L's stores are predominantly located in Limpopo, but it also has branches in Mpumalanga and Gauteng.

### **Proposed merger between Actis 4 PCC (Berry Cell) (Actis 4 PCC) and Food Lovers Holdings (FLM Holdco) and**

The Commission has recommended to the Tribunal that the large merger whereby Actis 4 PCC intends to acquire a stake in FLM Holdco be approved without conditions.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market, as there is no geographic overlap between the activities of the merging parties.

The Actis Group is a global private equity investor.

FLM Holdco is a holding company and its subsidiaries are involved in services such as wholesale, distribution and/or retail of fresh produce, groceries and beverages.

## **1.2 Intermediate Mergers**

### **Proposed merger between K2015164304 (South Africa) Proprietary Limited (Newco) and Accessories Spares Centre CC (ASC)**

The Commission has approved without conditions, the intermediate merger whereby Newco intends to acquire ASC. Post-merger, Newco will wholly own ASC.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition as there is no overlap in the activities of the merging entities.

Newco is a newly formed company and has no existing products or services.

ASC is an importer and wholesaler of 6 major product groupings of non-OEM approved motor spares and accessories, hardware, marine, outdoor, trailer and 4x4 parts and accessories.

### **Proposed merger between Caisse de dépôt et placement du Québec (CDPQ) and Bombardier Transportation (Investment) UK Ltd (BTUK)**

The Commission has approved without conditions, the intermediate merger whereby CDPQ intends to acquire BTUK.

The Commission found that there is no overlap in the activities of the merging firms in South Africa. Therefore, the proposed transaction is unlikely to substantially prevent or lessen competition.

CDPQ is a financial institution that manages funds for public and private pension and insurance funds.

BTUK is a shelf company and does not provide any products or services.

**Proposed merger between Brenntag (Holding) B.V. (Brenntag) and Platichem (Pty) Ltd (Platichem)**

The Commission has approved without conditions, the intermediate merger whereby Brenntag intends to acquire Platichem. Post-merger, Brenntag will control Platichem.

The Commission found that there is no overlap in the activities of the merging firms in South Africa. Therefore, the proposed transaction is unlikely to substantially prevent or lessen competition.

Brenntag is an intermediary that connects chemical manufacturers and chemical users.

Platichem is a distributor and specialist value added service provider of high performance polymers (which can also be classified as speciality chemicals) for the plastics and rubber industry.

**Proposed merger between Truworths Limited (Truworths) and K2012150042 (South Africa) (Pty) Ltd (K2012)**

The Commission has approved without conditions, the intermediate merger whereby Truworths intends to acquire K2012, in respect of the office letting enterprise known as Plein Park (Target Property). Post-merger, Truworths will own the Target Property.

The Commission found that there is no overlap in the activities of the merging firms. Therefore, the proposed transaction is unlikely to substantially prevent or lessen competition.

Truworths operates in the South African retail clothing market, selling fashion merchandise comprising of clothing, footwear and accessories.

The Target Property comprises of parking bays, retail and office space.

**Proposed merger between Big Save Holdings (Pty) Ltd (Big Save Holdco) and Big Save Cash & Carry and Liquor Store Group (Big Save Group)**

The Commission has approved, without conditions, the intermediate merger whereby Big Save Holdco intends to acquire the Big Save Group. Post-merger, Big Save Holdco will have control the Big Save Group.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market, as the transaction constitutes an internal restructuring and is therefore unlikely to change the structure of any market.

Big Save Holdco is a newly formed holding company established to hold the interests and assets of the Big Save Group. The Big Save Group is involved in the sale of fast moving consumer goods and liquor products to retail and wholesale customers.

**Proposed merger between China Chemical Equipment Co., Ltd (CNCE) and KraussMaffei Group GmbH (KraussMaffei)**

The Commission has approved, without conditions, the intermediate merger whereby CNCE intends to acquire KraussMaffei. Post-merger, CNCE will control KraussMaffei.

The Commission finds that the proposed transaction is unlikely to substantially prevent or lessen competition in any market, as there is no geographic overlap between the activities of the merging parties.

CNCE is involved in the manufacture of chemical production machinery, rubber production machinery and auto parts..

KraussMaffei designs, manufactures and supplies various plastics and rubber processing machinery including mixing machinery, injection moulding machinery, extrusion machinery, reaction processing machinery and vulcanisation machinery.

**Proposed merger between Hitachi Koki Co. Ltd (Hitachi Koki) and Power Tool Invest B.V. (PTI)**

The Commission has approved, without conditions, the intermediate merger whereby Hitachi Koki intends to acquire PTI. Post-merger, Hitachi Koki will have control over PTI.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market

Hitachi Koki is a manufacturer and supplier of power tools and life science instruments.

PTI is involved in the manufacture and supply of power tool solutions.

**Proposed merger between SPAR Group Ltd (the SPAR Group) and Kayur Superstore (Pty) Ltd (Kayur)**

The Commission has approved, without conditions, the intermediate merger whereby the Spar Group intends to acquire Kayur, in respect of the business known as Gateway SUPERSPAR and Gateway Tops at SPAR. Post-merger, the SPAR Group will control the Gateway Business.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the retail of liquor and grocery products, as there is no geographic overlap in the activities of the merging entities.

The SPAR Group conducts a wholesaling operation throughout South Africa.

The Gateway Business is a retail supermarket and liquor store. The retail supermarket sells a wide range of fresh and processed foodstuffs, toiletries, household products and other similar supermarket-style items, while the retail liquor store sells a wide range of liquor and associated products to the general public.

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

- a) Mr. Sebolai Andries Mokone vs. Eugen Stoop – *The Commission found that the conduct complained of does not amount to a contravention of the Competition Act.*
- b) MNN Outfitters vs. Toledo Clothing – *The Commission found that the conduct complained of does not amount to a contravention of the Competition Act.*
- c) East Rand Bulk vs. Masana Petroleum Solutions – *The Commission found that the conduct complained of does not amount to a contravention of the Competition Act.*

Ends

**For more information:**

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