



competition commission
south africa

Statement on the decisions of the Competition Commission

Date: 29 June 2016

1. Key decisions on Mergers and Acquisitions

Proposed merger between Johnson Controls Inc (JCI) and Tyco International Plc (Tyco)

The Commission has approved without conditions the intermediate merger whereby JCI intends to acquire Tyco.

JCI is a diversified technology and manufacturing company, serving customers worldwide with security and fire protection products such as access control, fire detection, alarm systems and video surveillance. Tyco is a global security company that provides a diverse range of security solutions. It designs and sells fire protection, security and life safety products, including fire detection and suppression, intrusion systems, access control, video management and anti-theft devices.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the supply of electronic security systems as the market share of the merging parties would remain low post-merger. In addition, the Commission found that the proposed transaction is unlikely to have a negative impact on employment and does not raise any public interest concerns.

Proposed merger between World Hardwood (Pty) Ltd (Forestco), Warhorse Private Equity (Pty) Ltd (Assetco), Grey West Fencing (Pty) Ltd (Millco) and Masonite Africa Ltd (Masonite Africa)

The Commission has approved without conditions the intermediate merger whereby Forestco, Assetco and Millco intend to acquire Masonite Africa.

Forestco is part of the R&B Group. R&B is a timber company that harvests, processes and pressure treats wooden poles for supply into the transmission, telecommunications, construction, and fencing markets. Assetco and Millco are special purpose vehicles established for purposes of the proposed transaction. Masonite Africa comprises two divisions: a forestry division, which owns plantations in Kwa-Zulu Natal and the Estcourt Mill which manufactures hardboard and softboard products.

The Commission found that the proposed merger is unlikely to substantially prevent or lessen competition in the supply of hardwood timber logs. In this regard, the Commission found that post-merger, the merged entity's market share would remain low to raise competition concerns. Furthermore, the Commission found that the proposed transaction does not raise any other public interest concerns.

Proposed merger between Alpine Umhlanga (Pty) Ltd (Alpine) and McCarthy Ltd in respect of its Audi motor dealership trading as McCarthy Audi Centre Umhlanga (the Dealership)

The Commission has approved without conditions the intermediate merger whereby Alpine intends to acquire the Dealership.

Alpine is a special purpose vehicle created for purposes of the proposed transaction. The Dealership operates as a seller of new and used Audi motor vehicles. It also services and repairs Audi motor vehicles, and acts as an intermediary in relation to the provision of finance and insurance services in respect of motor vehicles sold.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market as the merging parties have low market shares and face competition from other market participants. In addition, the Commission found that the proposed transaction does not raise any public interest concerns.

Proposed merger between UCL Company (Pty) Ltd (UCL) and Lion Match forestry (Pty) Ltd (Lion)

The Commission has approved without conditions the intermediate merger whereby UCL intends to acquire the Greytown Timber Plantation Farming Division from Lion.

UCL conducts the business of growing, sourcing and supplying of raw timber and sawn timber into the general market. The main timber product manufactured by UCL is structural timber. Lion grows and supplies raw timber in the form of pine saw logs.

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

Proposed merger between Santam Ltd (Santam) and ABSA Insurance Company Ltd (AIC) Commercial Lines Business (AIC Intermediated Commercial Lines Business)

The Commission has recommended to the Tribunal that the large merger whereby Santam intends to acquire AIC Intermediated Commercial Lines Business be approved without conditions.

Santam is a short-term insurer that specialises in the provision of short-term insurance products for a diversified market in South Africa. These products are offered through broker networks and direct sales channels and include personal, commercial, agricultural and specialised insurance. AIC is selling its business of underwriting and providing short-term insurance cover to commercial clients. AIC Intermediated Commercial Lines

Business primarily provides short-term insurance products such as property, motor, liability and engineering products to commercial clients.

The Commission found that the proposed transaction is unlikely to substantially lessen or prevent competition in the relevant insurance markets given the minimal market share accretion. In addition, the proposed transaction does not raise any public interest issues.

Proposed merger between Vulindlela Jacobs Summit (Pty) Ltd (VJS) and Summit Crane Hire (Pty) Ltd (Summit Crane)

The Commission has approved without conditions the intermediate merger whereby VJS intends to acquire Summit Crane.

VJS is a shelf company and through its subsidiaries is involved in Public Private Partnerships and private equity investment across diverse sectors, including infrastructure, property, health and correctional services. Summit Crane provides hoisting services, which include letting out mobile cranes, trucks and forklifts, as well as the provision of rigging services.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa, as there is no overlap between the activities of the merging parties. In addition, the proposed transaction does not raise any public interest concerns.

Proposed merger between Nickimanzi (Pty) Ltd (Nickimanzi) and O Property Holdings (Pty) Ltd (O Property Holdings) in respect of 26/30 Loveday Street (the Target Property)

The Commission has approved without conditions the intermediate merger whereby Nickimanzi intends to acquire O Property Holdings in respect of the Target Property.

Nickimanzi is a shelf company established for the purposes of holding properties in terms of this transaction. Nthwese Developments is a black-owned property development and management company with a portfolio of retail, office and residential properties across South Africa. The Nthwese Trust has investments in property holding companies. The Target Property is controlled by O Property Holdings. The Target Property is a mixed use property comprising of office block and retail space situated at 26 and 30 Loveday Street, Johannesburg in the 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 10km radius of the Target Property, as the post-merger market share of the merging parties remains low. In addition, the Commission found that the proposed transaction does not raise any public interest concerns.

Proposed merger between Kagiso Venture (Pty) Ltd (Kagiso Ventures) and Lupu Bakery (Pty) Ltd (Lupu Bakery)

The Commission has approved without conditions the intermediate merger whereby Kagiso Ventures intends to increase its shareholding in Lupu Bakery.

Kagiso Ventures is an investment arm of the Kagiso Group specializing in investments in mid-sized companies. Lupo Bakery is a mid-tier commercial bakery supplying speciality baked goods to major retailers and restaurant chains.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa, as there is no overlap between the activities of the merging parties. In addition, the proposed transaction does not raise any public interest concerns.

Proposed merger between RAC Investment Holding (Pty) Ltd (RIH) and Goldrush Group (Pty) Ltd (Goldrush)

The Commission has approved without conditions the intermediate merger whereby RIH intends to increase its shareholding in Goldrush.

The Commission found that there is a horizontal overlap arising from the proposed transaction insofar as it relates to the Acquiring Group's pre-merger shareholding in the Goldrush Group. The Commission also found that the Acquiring Group has no other interest in firms active in the gaming/gambling industry, apart from the current interest it has in Goldrush (which will increase post-merger). Goldrush is active in the provision of regulated gaming services or products in Africa. These include electronic betting terminals, limited pay-out machines, sports betting or online betting and casinos.

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

Proposed merger between K2016059478 (South Africa) (Pty) Ltd (K2016) and Westwood Trading (Pty) Ltd (Westwood)

The Commission has approved without conditions the intermediate merger whereby K2016 intends to acquire Westwood.

Westwood is a newly formed private equity investment firm incorporated for the purposes of the proposed transaction and does not provide any services or products. The Acquiring Group has interests in firms that are active in, inter alia, infrastructure management, hotel operations, administration and risk management services.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa as there is no overlap between the activities of the merging parties. In addition, the proposed transaction does not raise any other public interest concerns.

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

- a) **Elza Van Lingen vs The South African Social Security Agency – *The Commission found that the conduct complained of does not contravene the Competition Act.***

- b) Neo Matsena vs The Coves Governing Body non-profit Company –** *The Commission found that the conduct complained of does not contravene the Competition Act.*
- c) Mr. Onias Ncube vs Greyhound, Translux, Interscape, Intercity Express and City-to-City -** *The Commission found that the conduct complained of does not contravene the Competition Act.*
- d) Timothy Wridgway vs Emmarentia Primary School -** *The Commission found that the conduct complained of does not contravene the Competition Act.*
- e) Jahela Brewers Yeast CC vs South African Breweries (Pty) Ltd -** *The Commission found that the conduct complained of does not contravene the Competition Act.*

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