



**Weekly Media Statement  
For Immediate Release  
29 June 2018**

## **LATEST DECISIONS BY THE COMPETITION COMMISSION**

### **1. Key decisions on mergers and acquisitions**

#### **1.1 Rhône Capital LLC v Fluidra SA**

The Commission has approved the proposed merger with conditions, whereby Rhône Capital LLC (Rhône) intends to acquire Fluidra SA (Fluidra).

Rhône is a global company. In South Africa, Rhône operates through portfolio companies, including Zodiac Pool Care South Africa (Pty) Ltd. Zodiac South Africa supplies pool cleaners, heaters, pumps, water treatment equipment and lighting for residential pools.

Fluidra is a parent company of the Fluidra Group which develops, manufactures and distributes applications for the sustainable use of water. Fluidra has a pool and wellness business division which manufactures and supplies pool equipment and products for residential and commercial pools.

The Commission's investigation revealed amongst others that the proposed transaction results in the merged entity having relatively high market shares in the narrow market for suction cleaners. The Commission further identified public interest concerns. In this regard the Commission was concerned that since the acquiring group does not have manufacturing facilities in South Africa, the merged entity may discontinue the South African manufacturing activities of the target group which were present pre-merger. The Commission was concerned that this would have a negative impact on the local pool products market as a whole.

In light of the above, the Commission approved the proposed transaction subject to amongst others, conditions that will ensure that a BBBEE Entrant will enter the market for the manufacture and supply of suction cleaners as well as ensure that the merged entity continues its own manufacturing facilities in South Africa for specified period of time.

#### **1.2 Ready Right Now (Pty) Ltd v Glodina a division of KAP Homeware (Pty) Ltd**

The Commission has recommended to the Tribunal that the proposed transaction be approved, without conditions, whereby Ready Right Now (Pty) Ltd (RRN) intends to acquire Glodina, a business division of KAP Homeware (Pty) Ltd.

RRN is newly incorporated for purposes of the proposed transaction. RRN's name will be changed to Glodina Towelling (Pty) Ltd, pending approval of the transaction. RRN is controlled by the Industrial Development Corporation of South Africa Limited (IDC).

Glodina is a supplier of towels and related products and is well-known through its brand, the Glodina Black Label. Glodina's product range is used in the hospitality and healthcare industries and its customers include major retail stores and hotel groups. However, Glodina is currently closed and not operational.

The Commission's investigation found that while the IDC may be considered a substantial player (through its various shareholdings) in the terry towelling market, the proposed transaction is unlikely to result in anti-competitive effects due to there being substantial imports which constrain local players, including those entities controlled by the IDC, amongst other factors. In light of the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant markets.

In addition, the Commission is of the view that the proposed transaction is likely to have a positive impact on employment, as 211 previously retrenched workers will be reinstated. The transaction is also likely to have a positive impact on the textile industry, in particular the Hammersdale community where Glodina's factory is located, as Glodina's facilities will re-open and manufacturing will resume.

### **1.3 Fair Trade Investments (Pty) Ltd v Interstat Agencies (Pty) Ltd**

The Commission has approved the proposed transaction, without conditions, whereby Fair Trade Investments (Pty) Ltd (Fair Trade Investments) intends to acquire Interstat Agencies (Pty) Ltd (Interstat Agencies).

Fair Trade Investments a newly incorporated company which currently has no activities. It is owned by nine trusts which also own Freedom Stationery (Pty) Ltd, a wholesale distributor of scholastic stationery products. Freedom Stationery also manufacture stationery books and related products.

Interstat Agencies is a wholesale distributor of stationery products, mainly commercial stationery to retailers. Interstat Agencies does not manufacture any stationery products.

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.

### **1.4 ASOC Fund I Partnership v Skynet SA (Pty) Ltd**

The Commission has approved the proposed merger, with conditions, whereby Africa Special Opportunities Capital (ASOC) Fund I Partnership (Fund 1) intends to acquire Skynet South Africa (Pty) Ltd (Skynet). Fund I is ultimately controlled by ASOC Management Company (Pty) Ltd ("ASOC ManCo").

ASOC ManCo is a private equity firm that manages investment vehicles, such as Fund I, that focus on special situations including capital for restructurings and turnarounds. In this regard, ASOC ManCo provides flexible funding solutions to support companies through challenging times, as well as facilitating necessary workout and recapitalisation solutions. ASOC ManCo further provides an active, hands-on approach to helping management teams navigate challenging circumstances effectively.

Skynet is a courier services company that offers local and international parcel delivery, international document delivery and warehousing for storing parcels, among others.

The Commission finds that the proposed merger is not likely to substantially prevent or lessen competition as the activities of the merging parties do not overlap in any market. The Commission's investigation however revealed that Skynet is a failing firm and, as such, absent the proposed transaction it is likely to exit the market. The Commission's investigation also revealed that certain pre-merger and anticipated retrenchments of Skynet employees are not as a result of the proposed transaction but rather as a result of Skynet's financial distress. The Commission therefore found that the proposed transaction is likely to save jobs in that Skynet is a failing firm and that its failure would result in the loss of over 1 000 jobs. However, in order to ensure that the negative impact on employment is mitigated, the Commission has imposed conditions that will ensure that Skynet will give the affected employees first preference for future positions.

This means that for a period of two years, the acquiring firm must invite the affected employees to apply for any vacant positions at Skynet and give them preference where applicable.

### **1.5 Illovo Ltd v Real Foods (Pty) Ltd**

The Commission has approved the proposed merger, without conditions, whereby Illovo Limited (Illovo) intends to acquire Real Foods (Pty) Ltd (Real Foods).

Illovo is registered in the British Virgin Islands and is controlled by the Illovo Trust, which is registered in Monte Carlo, Monaco. Real Foods is an investment holding company that is active in the market for restaurants and fast food outlets in South Africa, and the market for the supply of honey and related products.

The Commission found that 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.

### **1.6 Divercity Urban Property Fund (Pty) Ltd / Redefine Properties Ltd in respect of K2018103151 (SA) (Pty) Ltd**

The Commission has approved the proposed transaction, without conditions, whereby Divercity Urban Property Fund (Pty) Ltd (Divercity) intends to acquire Redefine Properties Limited (Redefine) in respect of the shares and claims in K2018103151 (South Africa) (Pty) Ltd (K2018).

Divercity is a property investment and a holding company focused on investing and renewing dense urban precincts with seed partners who have a proven track record in managing and developing property.

K2018's only asset is office property known as Jewel City, a high-security office block mainly occupied by diamond trading tenants in the Johannesburg CBD.

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 (not to prosecute) the following cases:**

**2.1 Ricardo's Pet Shop v Nutribyte Dog and Cat Food and The Queen Pet Shop**

The matter has been resolved.

**2.2 Jabulani Khumalo V Harmony Gold**

The Commission is of the view that the conduct complained of does not contravene the Competition Act.

**[ENDS]**

**Issued by:**

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