



competition commission
south africa

Weekly Media Statement

For Immediate Release

30 April 2020

LATEST DECISIONS BY THE COMPETITION COMMISSION

1.1 Elanco Animal Health Inc. (Elanco Inc)/ Bayer AG Animal Health Business (BAH)

The Commission has conditionally approved the proposed merger whereby Elanco Inc intends to acquire BAH.

Elanco Inc is a public company and its shares are listed on the New York Stock Exchange. In South Africa, Elanco Inc controls Elanco Animal Health (Pty) Ltd, Lohmann Animal Health (Pty) Ltd (Lohmann) and Immuno-Vet Services (Pty) Ltd (IVS). Elanco Inc develops and markets a variety of animal health products globally including companion animal disease prevention, feed supplements, animal pharmaceuticals and animal biologicals.

BAH is active in the development, production and marketing of prescription and non-prescription veterinary products, in particular for companion animals. In the companion animals' business, BAH has a strong focus in the field of parasiticides. BAH offers a range of products to protect dogs and cats against parasites such as fleas, ticks and worms and to prevent diseases transmitted by parasites. It also offers other treatment options, especially for bacterial infections.

The Commission found that the merger will result in a substantial lessening of competition in the market for anticoccidials for sheep and cattle in South Africa. In this regard, the Commission has imposed a condition that the merging parties will divest one of their products in this market segment.

With regard to public interest, the Commission's found that in order to safeguard against potential future job losses, a moratorium on job losses is warranted. Therefore, the Commission also imposed

a condition that there will be no merger specific retrenchment for at least two years. The Commission further found that the proposed transaction does not raise any other public interest concerns.

1.2 Voestalpine Bohler Welding Group GmbH (vaBW)/ The Brits Factory (the Brits Factory JV) Currently Owned by African Oxygen Limited (Afrox)

The Commission has conditionally approved the proposed merger whereby vaBW intends to acquire the Brits Factory JV from Afrox.

vaBW is controlled by voestapline AG, a company incorporated in accordance with the laws of Austria and is not controlled by any single firm. vaBW has over 100 years' experience in the areas of joint welding, wear and corrosion protection as well as brazing (a metal-joining process).

The Brits Factory JV is wholly owned by Afrox and houses Afrox's welding manufacturing activities. The Brits Factory JV is involved in the manufacture of stick electrodes under the Afrox brand and will manufacture stick electrodes for Afrox and vaBW post-merger.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission is however concerned that the proposed transaction may facilitate the exchange of competitively sensitive information between vaBW and Afrox as competing firms through the Brits Factory JV. The Commission is of the view that the proposed transaction should be approved with conditions which ensure that the exchange of competitively sensitive information between vaBW and Afrox does not occur. The Commission further found that the proposed transaction does not raise any public interest concerns.

1.3 Chrome Production Holdings (Pty) Ltd (CPH)/ Lanxess Chrome Mining (Pty) Ltd (LCM)

The Commission has conditionally approved the proposed merger whereby CPH intends to acquire LCM.

CPH operates beneficiation plants in Rietfontein (Rustenburg) and Benoni (Johannesburg). These beneficiation plants treat Run of Mine material (ROM) (i.e. chrome ore in un-beneficiated

and untreated form) and foundry waste in order to produce foundry, chemical, and metallurgical grade chrome concentrates.

LCM operates a single chrome mine in Rustenburg. From this mine, LCM produces chrome ore. Furthermore, LCM beneficiates some of this chrome ore into chrome concentrate.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. With respect to employment, the Commission found that LCM may need to undertake retrenchments due to operational requirements. However, the merging parties intend to increase the workforce of the LCM mine over a certain period after the implementation of the proposed transaction and subject to certain commercial considerations. The Commission is therefore imposing an employment condition ensuring that the merging parties implement their employment commitments. The merging parties have agreed to the condition.

1.4 Fiat Chrysler Automobiles N.V (Fiat)/ Peugeot S.A (Peugeot)

The Commission has conditionally approved the proposed merger whereby Fiat intends to acquire Peugeot.

Fiat is a global automotive group which is engaged in designing, engineering, manufacturing, distributing and selling motor vehicles, components and production systems worldwide. In South Africa, the Fiat Group imports and supplies passenger vehicles and commercial vehicles to dealers located in South Africa.

Peugeot is a holding company of a French-based group, which is an original equipment manufacturer and dealer of passenger cars as well as light commercial vehicles under the brands Peugeot, Citroen, Opel, Vauxhall and DS. Peugeot also provides ancillary services such as financing solutions for the acquisition of motor vehicles and mobility services and solutions.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. With regard to employment, the merging parties did not provide a definitive statement on the effects of the proposed transaction on employment in South Africa. In order to remedy this, the merging parties tendered a two-year moratorium on merger specific retrenchments.

1.5 Mulilo Renewable Energy (Pty) Ltd (Mulilo)/ MRE Prieska and MRE De Aar

The Commission has recommended that the Competition Tribunal (Tribunal) approve the proposed transaction whereby Mulilo intends to acquire Mulilo Prieska and Mulilo De Aar without conditions.

Mulilo is controlled by Mulilo Energy Holdings (Pty) Ltd (Mulilo Energy Holdings). In addition to Mulilo, Mulilo Energy Holdings controls various other firms within the renewable energy industry. Moreover, Mulilo Energy Holdings is an independent renewable energy developer and strategic equity investor.

Mulilo Prieska and Mulilo De Aar are jointly controlled by Mulilo and X-Elio Energy S.L (X-Elio). Mulilo De Aar and Mulilo Prieska are involved in the production of renewable energy using photovoltaic (PV) technology.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

1.6 Africa Data Centres (Pty) Ltd (ADC SA)/ The rental enterprise comprising the Samrand data centre and the underlying land (Target Enterprise)

The Commission has recommended that the Tribunal approve the proposed transaction whereby ADC SA intends to acquire the Target Enterprise without conditions.

In South Africa, ADC SA manages and operates data centres located in Midrand, Cape Town and Nairobi (Kenya).

The Target Enterprise is a data centre situated in Samrand.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

1.7 Pape Fund 3 En Commandite Partnership (PAPE Fund 3)/ E.O.E.C Group (Pty) Ltd (EOEC) and Dispense Logic (Pty) Ltd (Dispense Logic)

The Commission has unconditionally approved the proposed merger whereby PAPE Fund 3 intends to acquire EOEC and Dispense Logic (Target Group).

PAPE Fund 3 is a boutique private equity fund manager investing in long-term equity risk capital in South African mid-cap unlisted enterprises. PAPE Fund 3 through its subsidiaries is invested in several industries, which includes logistics, information technology, agricultural equipment and infrastructure.

The Target Group, through its subsidiaries, is involved in the supply, installation, service, repair and maintenance of beverage dispensing equipment, refrigeration systems and air conditioning units.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

1.8 Domicilia Student Services (Pty) Ltd (DSS)/ Academia Student Village (the Target Property)

The Commission has unconditionally approved the proposed merger whereby DSS intends to acquire a student accommodation known as Academia Student Village (the Target Property).

DSS is a special purpose vehicle established exclusively for purposes of this transaction and therefore does not conduct any activities. VUT is an institution of higher learning and offers teaching, learning and research services to its students. It also offers student accommodation via an on-campus living environment or student residences in order to support students' academic experience at the university.

The Target Property is the student accommodation facility known as Academia Student Village located on the immovable property at portion 141 of Erf 2, Vanderbijlpark, South East 101 Township (the Target Property) together with all structures erected on the property, and all the

furniture and fittings of a permanent nature attached to the property as well as all rights and obligations in terms of the existing leases of the Target Property. The Target Property is controlled by Ciaratouch (Pty) Ltd (Ciaratouch). The Target Property does not control any firm.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

1.9 TwinChemCo/ China National Chemical Corporation Ltd (ChemChina) and Sinochem Group Co Ltd (Sinochem)

The Commission has unconditionally approved the proposed merger whereby TwinChemCo intends to acquire ChemChina and Sinochem (Target Group).

TwinChemCo is a newly incorporated entity for purposes of holding the Target Group. TwinChemCo is wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council (Central SASAC), an agency of the Central Chinese Government. TwinChemCo has no business activities.

In South Africa, ChemChina controls Adama South Africa (Pty) Ltd (Adama SA), Pirelli Tyre (Pty) Ltd (Pirelli SA) and Syngenta South Africa (Pty) Ltd (Syngenta SA). Adama SA provides crop protection products including fungicides, insecticides, selective and non-selective herbicides. It also provides non-crop protection products including household and professional pest control products such as insecticides as well as active ingredients (AIs) used in the production of these products.

Pirelli SA is a consumer-focused importer and supplier of passenger, light truck, motorsport and motorcycle tyres through a network of independent retailers who on-sell the tyres to end customers. Pirelli SA does not manufacture tyres in South Africa.

Syngenta SA produces a range of crop protection products including fungicides, insecticides, selective and non-selective herbicides and professional pest management products. In addition, Syngenta SA produces flower seeds, turf, landscape and vector control products. It also tests and adapts sunflower seeds to allow them to grow in dryer regions.

Sinochem is also an international company headquartered in China, wholly owned by Central SASAC. In South Africa, Sinochem operates through its chemicals business unit. This unit imports pharmaceutical raw materials, APIs for the formulation of insecticides and herbicides, particle and powder brighteners, pigments for use in plastics, specialty chemical intermediates, glucosamine, dry rubber, latex and other health products for sale in South Africa.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. The Commission further found that the proposed transaction does not raise any public interest concerns.

[ENDS]

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