Media Statement
For Immediate Release
31 May 2021

COMMISSION RECOMMENDS THAT AIR LIQUIDE SA'S ACQUISITION OF THE BUSINESS OF OWNING AND OPERATING 16 AIR SEPARATION UNITS OF SASOL SOUTH AFRICA LIMITED BE APPROVED WITH CONDITIONS

The Commission has recommended that the Competition Tribunal (Tribunal) approve the proposed transaction whereby Air Liquide Large Industries South Africa (Pty) Ltd (ALLISA) intends to acquire the business of owning and operating 16 Air Separation Units of Sasol South Africa Ltd (Target Assets), with conditions.

In South Africa, the Air Liquide Group supplies industrial and specialty gases to a number of industries. It also supplies medical grade gases to several hospitals.

The Target Assets are 16 air separation units (ASUs) based at the Sasol Secunda site. The ASUs produce both industrial and speciality gases mainly for internal use by Sasol. The Air Liquide Group supplies similar gases to those produced by the Target Assets to various third parties in South Africa.

The Target Assets are used to produce mainly industrial gases (i.e., gaseous oxygen, gaseous nitrogen, and compressed air) which are important inputs for Sasol's production processes, through which liquid fuels and chemicals are produced. The Target Assets also produce a small percentage of liquid oxygen and liquid nitrogen – these products are used in Sasol's operation of the Target Assets as well as inputs into Sasol's various production processes.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets.

In order to demonstrate their commitment to the public interest, following engagements with the Commission and the Department of Trade Industry and Competition (DTIC), the merging parties agreed to a set of public interest conditions, including the following:

- Committing to a substantial reduction of carbon emissions associated with the Target Assets over the next ten years including a 900 MW Renewable Energies Power Purchase Agreement (PPA),
- Investing in the performance and integrity of the Target Assets,
- Although the merger will not negatively impact employment, commitments are included to provide training to upskill employees affected by the transaction,
- Entering into a transaction aimed at promoting a greater spread of ownership in the affected markets,
- Where reasonable, and practically and technically feasible, procuring services and input material from Small, Medium and Micro Enterprises ('SMMEs') and black-owned enterprises,
- Investing in localisation initiatives to promote industrialisation in the value chains affected by the transaction, and
- Making available any surplus liquid oxygen to customers in the healthcare sector, prioritising the public healthcare sector.

The Commission engaged the DTIC in order to understand whether the conditions proposed address the concerns raised. The DTIC has confirmed that the conditions proposed are sufficient to address its concerns. In light of the above, the Commission is of the view that the proposed transaction should be approved subject to the above-mentioned public interest commitments.

[ENDS]

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