competition commission
south africa

Media Statement
For Immediate Release
18 November 2022

STATEMENT ON THE LATEST DECISIONS BY THE COMPETITION COMMISSION

The Competition Commission of South Africa (CCSA) held its ordinary meeting on Wednesday, 16 November 2022, to review and take decisions on matters brought before the Commission by members of the public and corporate applicants, in terms of the Competition Act (89 of 1998) as amended. These matters include but are not limited to complaints, mergers, and acquisitions.

1. MERGERS AND ACQUISITIONS

1.1 Old Mutual Insure Limited ("OMI")/ Genric Insurance Company Limited ("Genric")

The Commission has recommended that the Competition Tribunal approve the proposed transaction whereby OMI intends to acquire Genric, without conditions.

The primary acquiring firm is OMI. OMI is controlled by Mutual and Federal Investments Proprietary Limited ("Mutual and Federal"). Mutual and Federal is ultimately controlled by Old Mutual Limited ("OML"). OMI, OML, and all the firms directly or indirectly controlled by OML are collectively referred to as the Old Mutual Group.

The Old Mutual Group is a diversified African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers. The Old Mutual Group is a licensed non-life insurer, providing non-life insurance services to personal, commercial, and corporate clients. The Old Mutual Group's products cover a broad spectrum of non-life insurance solutions such as property, transportation, motor, accident and health, guarantee, liability, engineering, and miscellaneous insurance in South Africa.

The primary target firm is Genric. Genric controls several firms, including Automotive VAP Solutions Proprietary Limited; Drivewize Service and Maintenance Plans Proprietary Limited; Delicieuse Deli Proprietary Limited; Genric Africa Proprietary Limited; and Genric Aviation Underwriting Managers Proprietary Limited. Genric, all firms that it controls, and all the firms controlled by those firms shall be referred to as the "Target Group".

The Target Group is a licensed non-life and specialist insurer focused on bringing innovative and niche insurance solutions to the market, by partnering with specialist underwriting management agencies, start-up businesses, insuretech innovators, and brokers. The Target Group's product portfolio includes appliance warranty, brick-and-mortar, car hire insurance, gadget insurance, and excess waiver insurance. 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 substantial public interest concerns.

1.2 Novus Print (Pty) Ltd ("Novus Print")/ Pearson South Africa (Pty) Ltd ("Pearson SA")

The Commission has approved the proposed transaction whereby Novus Print intends to acquire a majority stake in Pearson SA, with conditions.

The primary acquiring firm is Novus Print (also referred to herein as the "Acquiring Group"), a private company incorporated in South Africa.

The Acquiring Group comprises a commercial printing, manufacturing, and packaging business with four specialised printing plants, two packaging manufacturing plants, and a tissue plant in South Africa. Novus Print's publishing activities primarily involve magazine publication in the commercial and consumer space. Its products include in-flight magazines, community magazines, digital magazines, internal publications, and trade publications. The Novus Group also prints educational material, but does not engage in the conceptualisation, development and publishing of educational courseware in South Africa or elsewhere.

The primary target firm is Pearson SA, a private company incorporated in South Africa.

The Pearson SA business involves the publishing and sale of educational materials, teacher training and other educational solutions (print and digital) for kindergarten to grade 12 ("K-12"), and higher education. The key brands within the Pearson SA business include Pearson (which focuses on higher education) as well as Heinemann and Maskew Miller Longman which both focus on the K-12 segment.

The Commission found that the proposed transaction may result in both competition and public interest concerns. From a competition perspective, the Commission found that since the merged entity will be vertically integrated, Pearson SA may receive preferential print prices which will give them an advantage over downstream competitors. In order to address this specific concern, the merger parties offered and agreed to a pricing remedy to the effect that Novus Print will not supply printing services to competitors of Pearson SA at prices less favourable than the prices paid by Pearson SA to Novus Print for services of similar grade and quality in equivalent transactions for five years post-merger.

From a public interest perspective, the Commission is concerned that the proposed transaction might lead to a reduction in the procurement of printing services from Pearson's current SME and HDP printing providers. As such, any post-merger reduction of printing orders from SME and HDP-owned printers may likely impact on the ability of these firms to effectively participate or expand in the market. Accordingly, the Commission imposed a post-merger procurement condition to alleviate any concerns that may arise post-merger. In terms of the condition, the merging parties will continue to procure printing services from Pearson SA's SME and HDP printing service providers on similar terms and conditions as applied prior to the merger, for five years from the merger implementation date.

In order to address any employment concerns that may arise as a result of the merger, the merging parties agreed to the imposition of a five-year moratorium on merger-specific retrenchments post-merger. Further, if any positions become available within the merging parties within three years from the date of approval of the merger, Novus Print will consider employing its former employees who had been retrenched in 2022, in circumstances where their skillsets are similar to, and/or suitable for, the relevant positions which may become available, and Novus Print and the relevant employee(s) are able to agree to mutually agreeable terms of employment.

The Commission concluded that the proposed transaction is unlikely to result in other public interest concerns.

1.3 International Housing Solutions (RF) (Pty) Ltd ("IHS")/ Fairvest Limited, in respect of Isle of Houghton Office Park ("Isle of Houghton")

The Commission has approved the proposed transaction whereby IHS intends to acquire Fairvest Limited, in respect of the Isle of Houghton, without conditions.

The primary acquiring firm is International Housing Solutions (RF) (Pty) Ltd ("IHS").

IHS engages in property development, fund management, property management, and asset management. It also invests in housing development projects. Specifically, IHS's investment focus is on the financing and developing of energy-efficient affordable housing communities.

The primary target firm is Fairvest Limited, in respect of Isle of Houghton.

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]

Issued by:

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