



Media Statement

For Immediate Release

06 November 2023

STATEMENT ON THE LATEST DECISIONS BY THE COMPETITION COMMISSION

The Competition Commission of South Africa (Commission) held its ordinary meeting on Monday, 30 October 2023, 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 Afrimat Ltd (Afrimat) / Lafarge South Africa Holdings (Pty) Ltd (Lafarge)

The Commission has recommended that the Competition Tribunal (“Tribunal”) approve the proposed transaction whereby Afrimat intends to acquire Lafarge, with conditions.

The primary acquiring firm is Afrimat. Afrimat is not controlled by any firm. Of relevance to this merger assessment is Afrimat’s construction and building materials activities, namely, general aggregates and ready-mix concrete.

General aggregates are produced from hornfels rock quarries and are produced in various industry standard sizes/diameters. General aggregates are an input for various construction activities such as foundations, roads, railways, and buildings. General aggregates are also one of the inputs required to produce ready-mix concrete.

Ready-mix concrete is made by mixing proportions of cement, general aggregates, and other inputs such as fly ash. Ready-mix is used for, amongst others, building and/or construction.

The primary target firm is Lafarge. Lafarge is ultimately wholly owned by Holcim Limited (Holcim), a firm listed on the SIX Swiss Exchange. Holcim is not controlled by any firm.

Of particular relevance to this merger assessment is Lafarge Group’s general aggregates, ready-mix concrete, cement, and fly ash activities.

Lafarge Group is a producer of cement. Cement is the most significant input in the manufacture of ready-mix concrete. Fly ash is produced by processing combusted thermal coal from Eskom's coal-fired power stations. Fly ash is used as an input to 'extend' the cement required to produce ready-mix concrete. Put differently, less cement is required if fly-ash is used in ready-mix concrete.

The Commission found that the merger results in horizontal overlaps as regards (i) general aggregates; and (ii) ready-mix concrete. The Commission found that the merger is likely to result in a substantial lessening and prevention of competition as regards the supply of general aggregates in various regions of South Africa. Similarly, the Commission found that the merger will likely result in a substantial lessening and prevention of competition in the supply of ready-mix concrete. To restore the lost competition that would otherwise arise from the merger and in order to ensure that the merger is justifiable on public interest grounds, the Commission has recommended that the Tribunal approve the merger subject to the merging parties divesting of various general aggregates quarries and ready-mix concrete plants across South Africa (the "Divestiture"). The merging parties have agreed to these recommendations.

The Commission found that the merger results in a number of vertical overlaps namely, (i) general aggregates and ready-mix; (ii) cement and ready-mix concrete; and (iii) fly-ash and ready-mix. The Commission found that the merger is likely to result in a substantial prevention and lessening of competition in specific regions of South Africa as regards the supply of general aggregates and ready-mix concrete. However, the Commission considers that this concern is remedied by the Divestiture, which will ensure competition and continued access to the supply of general aggregates and ready-mix concrete, post the merger.

To address public interest concerns, the Commission has recommended that the merger be approved subject to a moratorium on merger-related retrenchments and other measures to protect employment. The parties have agreed to these conditions.

The Commission further found that the proposed transaction does not raise any other substantial public interest concerns.

1.2 BCP VI Neptune Bidco Holdings Limited ("BidCo")/ Network International Holdings Plc ("Network")

The Commission has approved the proposed transaction whereby Bidco intends to acquire Network, with conditions.

The primary acquiring firm is BidCo, a company incorporated in England and Wales. Bidco is indirectly controlled by BCP VI Neptune Holdings L.P ("BCP VI Neptune"). BCP VI Neptune is directly controlled by Brookfield Capital Partners VI GP LLC ("Brookfield Capital"), a general partner to BCP VI Neptune Holdings LP and to private equity funds managed and/or advised by affiliates of Brookfield Asset

Management Inc. BidCo is ultimately controlled by Brookfield Corporation (“Brookfield”). Brookfield is a public company listed on the New York and Toronto Stock Exchanges and is not controlled by any single firm or individual. In South Africa, Brookfield indirectly controls four firms, none of which have activities that overlap with those of the Target Firm. Brookfield and all firms it directly or indirectly controls are henceforth referred to as the “Acquiring Group”.

The primary target firm is Network, a public company incorporated under the laws of England and Wales.

Network is a public company listed on the London Stock Exchange. Its shares are widely held, and no individual firm controls Network. In South Africa, Network indirectly controls several firms. Network and all the firms it controls shall collectively be referred to as the “Target Group”.

The Target Group provides payment solutions to merchants and financial institutions, including acquiring and processing services and a range of value-added services.

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

To address the greater spread of ownership, the merged entity shall, over a period of five years invest in various transformation initiatives including in enterprise and supplier development, skills, knowledge, and experience development young Historically Disadvantaged Persons through the provision of bursaries, leadership, and industry relevant training. Additionally, the merging parties shall establish an Employee Share Ownership Programme (ESOP) for the benefit of qualifying workers.

Further, to address employment concerns, the merged entity shall for a period of 36 months from the implementation date not retrench any employee as a result of the merger. The non-retrenchment condition will not apply to executive and highly skilled employees.

The Commission further found that the proposed transaction does not raise any other substantial public interest concerns.

[ENDS]

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