

MERGER DECISIONS – SECOND QUARTER 2023/24

MERGERS AND ACQUISITIONS

The Commission examines merger notifications in order to make a determination on the effects of such transactions on competition and then either gives approval without any conditions, or subject to specific conditions, or prohibits the transactions based on the outcome of the analysis. This function is supported by Section 35 of the Competition Act, 2007 (“the Act”) and Competition Commission Regulations Notice, 2010 (“the Competition Regulations”) as well as internal and external merger guidelines.

MERGER SUMMARY

The total transactional value of international transactions notified and approved during the second quarter of 2023/24, stood at approximately E2 608 000 000.00 (Two Billion, Six Hundred and Eight Million Emalangeni) while the total transactional value for domestic transactions was approximately E241, 401, 553.00 (Two Hundred and Forty-One Million, Four Hundred and One Thousand, Five Hundred and Fifty-Three Emalangeni). The total combined annual turnovers or assets of both international and domestic transactions stood at approximately E643, 813, 751, 975.00 (Six Hundred and Forty-Three Billion, Eight Hundred and Thirteen Million, Seven Hundred and Fifty-One Thousand, Nine Hundred and Seventy-Five Emalangeni). The sectors of these transactions include commercial property, the financial sector, hospitality industry, construction, health industry, poultry, and interior design in Eswatini. The Commission adjudicated on the following mergers in the second quarter.

1.0 ACQUISITION BY CONCO LIMITED (“CONCO”) OF IMMOVABLE PROPERTY HELD BY EUREKA TRADING (PTY) LIMITED (“EUREKA”)

1.1 The acquiring firm

The acquiring firm is Conco a company registered and incorporated in accordance with the company laws of Eswatini and is presently in the business of producing and supplying soft drinks concentrate to over sixty bottling companies, in over twenty countries in Africa. Their principal place of business is at Matsapha industrial site.

1.2 The target asset

The target asset is immovable property held by Eureka. The immovable property is described as industrial land, Portion 6 of Lot No.478 situated at Matsapha, Manzini District. Eureka is a property holding company registered and incorporated in accordance with the company laws of Eswatini.

1.3 The decision

The Commission considered the products of these firms and concluded that the relevant market is industrial land in Matsapha.

In its analysis, the Commission considered the activities of the merging parties and found that there are product overlaps in the relevant market. In the analysis, the Commission took into consideration the immovable property which Conco is already operating from and the market share of the immovable property. Consequently, the market accretion for Conco will be 1.67%. As such, the transaction is categorized as a phase 1 merger since the market accretion is trivial. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected hence the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

2.0 ACQUISITION BY INYATSI GROUP HOLDINGS PROPRIETARY LIMITED (“INYATSI GROUP HOLDINGS”) OF 100% ISSUED SHARE CAPITAL IN ESWATINI MEAT INDUSTRIES LIMITED (“EMI”)

2.1 The acquiring firm

The acquiring firm is Inyatsi Group Holdings, a company incorporated in terms of the laws of Eswatini. Inyatsi Group Holdings is a diversified corporation with a presence in more than five African countries that include Eswatini, Mozambique, Botswana, Uganda, and Lesotho. Originally established in 1982 as a construction company, the Group has established itself as a leading player in multiple sectors including construction, mining, telecommunications, financial services, health care, insurance, manufacturing, media, and property.

2.2 The target firm

The target firm is EMI a company registered and incorporated in accordance with the company laws of Eswatini and it was established in 1988. EMI's current place of business is Matsapha Industrial Site, Plot 546 King Mswati III, Avenue, Matsapha, where the head offices, export beef plant, processed meats plant and Embiveni Shop are located. EMI is in the business of meat processing and selling processed and raw meat products. EMI, a meat manufacturer and wholesaler, produces a wide range of meat and meat products for export, as well as for sale in the country.

2.3 The decision

The Commission considered the products of the merging firms and concluded that there are two relevant markets-

- i. Retailing of meat products by butchery operations in Manzini and Matsapha; and
- ii. Supply of meat products to retail butchereries in the Manzini Mbabane corridor.

In its analysis, the Commission considered the activities of the merging parties and found that there are no product overlaps in the relevant market. Inyatsi Group Holdings has many other business interests; however, none are in the relevant markets. As such, the transaction is categorized as a phase 1 merger. Post-merger, the market shares in the

relevant markets and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected, as such, the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

3.0 ACQUISITION BY EQUITY FORT (PTY) LTD (“EQUITY FORT”) OF COMMERCIAL PROPERTY FROM CASHBUILD (SWAZILAND) (PTY) LTD (“CASHBUILD”)

3.1 The acquiring firm

The acquiring firm, Equity Fort is a private company, duly registered and incorporated in accordance with the company laws of Eswatini. Equity Fort was established primarily for the purposes of this transaction as a property investment company.

3.2 The target asset

The target asset is a commercial property situated at Lot 273 Pigg's Peak Township, Hhohho District measuring 2751 square meters owned by Cashbuild. The commercial property in question has a structure which is leased out. Cashbuild is a private company, duly registered and incorporated in accordance with the company laws of Eswatini. Cashbuild is a wholly owned subsidiary of Cashbuild Management Services which is an investment company incorporated in terms of the laws of South Africa.

3.3 The decision

The Commission considered the products of the firms and concluded that the relevant market is commercial property in Pigg's Peak, Hhohho Region.

The transaction is merely the acquisition of a commercial property. The transaction is categorized as a phase 1 merger since there are no overlaps in the activities of the merging firms. Post-merger, the market shares in the relevant market, market concentration, countervailing power and barriers to entry will not be affected therefore the transaction is unlikely to result in the substantial lessening of competition in the country. The Commission approved the transaction without conditions.

4.0 ACQUISITION OF 40% SHAREHOLDING IN SNG GRANT THORNTON (ADVISORY) ESWATINI (“SNGGT ADVISORY ESWATINI”) BY SNG GRANT THORNTON AFRICA (“SNGGT AFRICA”)

4.1 The acquiring firm

The acquiring firm SNGGT Africa is a company incorporated and registered in accordance with the laws of South Africa. SNGGT Africa is a wholly owned subsidiary of SNG Grant Thornton (Pty) Ltd and operates independently although associated with its parent company. The registered office of SNGGT Africa is situated at 20 Morris Street East, Woodmead, Sandton, Gauteng, 2191. SNGGT Africa carries on the business of business advisory and consulting services in countries other than South Africa. A fellow subsidiary of SNG Africa provides audit and financial accounting services in South Africa in accordance with the relevant legislation in South Africa.

4.2 The target firm

The target firm is SNGGT Advisory Eswatini which was formerly trading as KPMG Advisory (Swaziland), a company duly incorporated and registered in accordance with the laws of Eswatini. Its registered office is situated at Umkhiwa House, Lot 195 Karl Grant Street, Mbabane. SNGGT Advisory Eswatini is a subsidiary of SNG Grant Thornton Eswatini (“SNGGT Eswatini”).

4.3 The decision

The Commission considered the products of the firms and concluded that the relevant market is the provision of business advisory and consulting services in Eswatini.

In its analysis, the Commission considered the activities of the merging firms in the relevant market and found that there are no product overlaps. The transaction is categorized as a phase 1 merger. The market shares in the relevant market and market concentration will not change as a result of the transaction. Other factors such as countervailing power and barriers to entry will not be affected by the transaction. As such, the Commission concluded that the transaction is not likely to result in a substantial lessening or prevention

of competition in the market. The Commission approved the transaction without conditions.

5.0 ACQUISITION BY JOSE EMIDIO RODRIGUES (“JOSE”) AND PEDRO MIGUEL VAZ ROGRIGUES (“PEDRO”) OF 100% OF THE ISSUED SHARES OF ZULWINI HOLDINGS LIMITED (“ZULWINI HOLDINGS”)

5.1 The acquiring parties

The acquirers Jose and Pedro are entrepreneurs and businessmen in Eswatini. Together, they have several years' experience in successfully running and managing companies in Eswatini. Currently, they are directors and shareholders in Rod Industries (Pty) Ltd (a textile manufacturing company), Matsapha Repair Centre (Pty) Ltd (a workshop and panel beating company), and Agritech (Pty) Ltd (a tractor dealership and workshop). Jose and Pedro intend to invest in the Hospitality and Tourism Industry and expand their business portfolio to include the provision of hospitality and related services.

5.2 The target firm

The target firm, Zulwini Holdings, is a limited liability company duly registered and incorporated in accordance with the laws of Eswatini. The target firm used to trade as Timbali Lodge, however, due to the decline in the hospitality & tourism industry, it made an application to revoke its trading licence as an accommodation establishment. Zulwini Holdings operated a housing estate, hotelier and a caravan park that offered 18 executive and 5 luxury suites and 5 self-catering family units. It also offered a restaurant, conference facilities as well as a venue for weddings, private parties, and functions.

5.3 The Decision

The Commission considered the products of the firms and concluded that the relevant market is the provision of hospitality and related services in the Mbabane - Manzini corridor.

In its analysis, the Commission considered the activities of the merging parties and found that there are no product overlaps in the relevant market since the acquirers are not involved as shareholders in any undertaking in the hospitality & tourism industry, an

industry the target firm belongs to. As such the transaction is categorized as a phase 1 merger. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected therefore the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

6.0 ACQUISITION BY INDUSTRIAL DEVELOPMENT COMPANY OF ESWATINI (“IDCE”) OF 55% SHAREHOLDING IN PIGG’S PEAK PLAZA FROM LEADENHALL INVESTMENTS (PTY) LTD

6.1 The acquiring firm

The acquiring firm is IDCE, a development finance company that is incorporated and registered under the company laws of Eswatini with its principal place of business situated at 5th Floor Dlanubeka Building, Mbabane. IDCE, formerly known as Swaziland Industrial Development Company (SIDC) was formed in 1986 through a joint venture between the Government of Eswatini and five major international finance institutions namely DEG (Germany), CDC of the United Kingdom, FMO of the Netherlands, PROPARCO of France and IFC (World Bank).

6.2 The target firm

The target firm, Pigg's Peak Plaza is a company registered and incorporated in terms of the company laws of Eswatini. The company developed Pigg's Peak Plaza which provides leasing space to varied tenants from retail, service providers, supermarket, and a filling station.

6.3 The decision

The Commission considered the products of the parties and concluded that the relevant market is the provision of commercial space in Pigg's Peak Plaza.

In its analysis, the Commission considered the activities of the merging parties and found that there are overlaps since the acquiring firm is already a minority shareholder in Pigg's Peak Plaza. However, the transaction is categorized as a phase 1 merger because the merging firms' combined market share in the relevant market is below 15%. Post-merger, the market shares in the relevant market and market concentration will not be altered

such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected therefore the transaction is unlikely to result in the substantial lessening or prevention of competition. ***The Commission approved the transaction without conditions.***

7.0 ACQUISITION BY AFRIMAT LIMITED (“AFRIMAT”) OF THE ENTIRE ISSUED SHARE CAPITAL OF LAFARGE HOLDINGS (PTY) LTD (“LAFARGE HOLDINGS”) FROM CARICEMENT B.V.

7.1 The acquiring firm

The acquiring firm is Afrimat, a public company listed on the Johannesburg Stock Exchange (JSE) and has its principal business address at Tyger Valley Business Park No. 2, corner of Willie van Schoor Avenue & Old Oak Road, Tyger Valley, Western Cape, South Africa. Afrimat's shareholding is widely held, and the entity holds significant investments and has a long-standing reputation in the mining, aggregates, and cement-based products businesses.

7.2 The target firm

The target firm, Lafarge Holdings, has its principal business address at 35 Westfield Road, Longmeadow Business Estate Ext, Edenvale, South Africa. Lafarge Holdings is wholly owned by Caricement. Caricement is wholly owned by Holderfin G.V., which in turn, is wholly owned by Holcim Limited (“Holcim”). Holcim is listed on the SIX Swiss Exchange and its shareholding is widely held. Holcim is not controlled (directly or indirectly) by any enterprise or group of enterprises.

7.3 The decision

The Commission considered the products of the parties and concluded that the relevant market is the supply of cement in Eswatini.

In its analysis the Commission considered the activities of the merging parties and found that there are no overlaps in the activities of the merging firms since only the acquiring firm has an economic presence in Eswatini through sales to a local distributor of cement while the target firm has no physical or economic presence in Eswatini. The transaction is categorized as a phase 1 merger because there are no overlaps in the activities of the

merging firms in the relevant market. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected therefore the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

8.0 ACQUISITION BY LIFE HEALTHCARE GROUP PROPRIETARY LIMITED (“LHC”) OF 100% ISSUED SHARE CAPITAL IN THE DIALYSIS SERVICES BUSINESS OF FRESenius MEDICAL CARE SOUTH AFRICA PROPRIETARY LIMITED (“FMC”) (“DIALYSIS SERVICES BUSINESS”)

8.1 The acquiring firm

The acquiring firm is LHC a provider of acute hospital care in South Africa through its network of hospitals situated across seven different provinces in which it provides a comprehensive suite of hospital services, including emergency units, maternity wards, paediatric care, cardiac services, obstetrics and gynaecology, fertility wards, ophthalmology, orthopaedic specialists, neurology, plastic surgery, and general surgery. These main services are complemented by other services which are provided through its Life Rehabilitation, Life Mental Health, Oncology, and Life Renal Dialysis divisions. LHC's Life Renal Dialysis division offers dialysis services through an entity called East Rand Dialysis Incorporated (“ERD”). LHC caused ERD, in its current form, to be created specifically to provide renal dialysis services at LHC hospitals in South Africa. Neither LHC nor ERD have any presence in Eswatini.

LHC is LHC Holdings is listed on the Johannesburg Stock Exchange and is not controlled by any undertakings whether acting jointly or individually.

8.2 The target business

The target business is the Dialysis Services Business of FMC consisting of the NephroCare business conducted by FMC, which entails the operation of several clinics which provide renal dialysis services to the public. The Dialysis Services Business operates from approximately fifty-one locations in Southern Africa (Eswatini, South Africa and Namibia)

which include hospitals, medical centres, and stand-alone dialysis centres. One of the fifty-one locations is in Eswatini.

8.3 The decision

The Commission considered the products of the firms and concluded that the relevant market is the provision of renal dialysis services in Eswatini.

The Commission also considered the activities of the merging parties and found that there are no product overlaps in the relevant market. LHC does not have any presence or operations in Eswatini. As such, the transaction is categorized as a phase 1 merger. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected, as such, the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

9.0 ACQUISITION BY BRADLEY GRAHAM YOUNG AND RODNEY KENNETH YOUNG OF THE ENTIRE SHAREHOLDING OF USUTU HARDWARE (PTY) LTD (“USUTU HARDWARE”)

9.1 The acquiring parties

The Acquirers, Bradley Graham Young and Rodney Kenneth Young are businessmen in Eswatini:

9.2 The target firm

The target firm, Usutu Hardware is a company duly registered in accordance with the company laws of Eswatini and has its business address at Lot 114, Matata City, Portion 15, Farm 513. The target firm is in the business of retailing hardware, building supplies and farming implements.

9.3 The decision

The Commission considered the products of the merging parties and concluded that the relevant market is the retail of hardware, building supplies and farming implements in the Lubombo region.

In its analysis, the Commission considered the activities of the merging parties and found that there are no overlaps in the activities of the merging firms. Although the Acquirers have other business interests that are involved in the market for the retail of builders' hardware and agricultural equipment, none of these are at Big Bend town. The transaction is therefore categorized as a phase 1 merger because the merging firms have no overlaps in the relevant market. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected therefore the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

10.0 ACQUISITION BY ISSUFOMIA ISSUFO CALU (“ISSUFOMIA”) OF 100% ISSUED SHARE CAPITAL IN NCAMASE INVESTMENTS (PTY) LTD (“NCAMASE INVESTMENTS”) FROM LIBUYILE PROPERTIES (PTY) LTD (“LIBUYILE PROPERTIES”)

10.1 The acquiring party

The acquiring party is Issufomia, a businessman who has interest in Isna Yusuf Investments (Pty) Ltd, which owns Silver Sands Complex, a residential complex with eleven units, situating at Ezulwini.

10.2 The target firm

The target firm is Ncamase Investments, a property holding company that has the Big Tree Office Complex (“Big Tree”) as its only asset. Big Tree is commonly used for letting office and retail space. Libuyile Properties is the only shareholder of Ncamase Investments.

10.3 The decision

The Commission considered the products of the firms and concluded that the relevant market is commercial property in Matsapha.

In its analysis, the Commission considered the activities of the merging parties and found that there are no product overlaps in the relevant market. Big Tree is situated at Matsapha town and commonly used for letting office and retail space. The market share

for Big Tree is 11.5%. The transaction is categorized as a phase 1 merger because there are no overlaps in the relevant market. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected hence the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

11.0 ACQUISITION BY MOTSA INVESTMENTS (PTY) LTD (“MOTSA INVESTMENTS”) OF 100% ISSUED SHARES IN SITEKI HOTEL HELD BY MBHELEJA (PTY) LTD (“MBHELEJA”)

11.1 The acquiring firm

The acquiring firm is Motsa Investments, a company registered and incorporated in terms of the laws of Eswatini. Motsa Investments was established to deal in immovable property in any manner whether by acquisition, sale, mortgage, lease or hire or development.

11.2 The target business

The target business is Siteki Hotel, which is held by Mbheleja, a company registered and incorporated in terms of the laws of the Eswatini. Mbheleja owns Siteki Hotel. Siteki Hotel is located in Siteki town Lubombo Region and mainly offers world class accommodation, conferencing, dining facilities and other related services such as; internet café, secretarial, email & fax services, laundry services, room service, flight, and transport arrangement. Siteki Hotel is one of the oldest hotels in Eswatini and is the only hotel located in the eastern part of Eswatini; the Lubombo region.

11.3 The decision

The Commission considered the products of the parties and concluded that the relevant market is the provision of hospitality and related services in Eswatini.

In its analysis the Commission considered the activities of the merging parties and found that there are no product overlaps in the relevant market. Mr Motsa has many other business interests however there are no overlaps in the hospitality industry through the acquisition of Siteki Hotel. Other business interests of Mr Motsa include commercial properties for example, Estel House in Manzini, Shoprite building in Manzini and Siteki,

Carson Centre in Manzini, the Old Bus Rank in Mbabane, etc. As such the transaction is categorized as a phase 1 merger. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected therefore the transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.

12.0 ACQUISITION BY KERRY JANE DEAKIN (“KERRY”) OF 70% SHAREHOLDING OF ESWATINI FLOORING AND INTERIORS (PTY) LIMITED (“EFI”)

12.1 The acquiring party

The acquirer Kerry is a resident of Eswatini. Kerry does not have any other business interests in any market inclusive of the market for the provision of services for flooring and other interior design in Eswatini.

12.2 The target firm

The target firm is EFI which is a family-owned business. EFI was established by Leslie Deakin and Joan Deakin. The company specializes in general flooring, interior design including installation of curtaining and blinds, industrial and residential flooring and related business.

12.3 The decision

The Commission considered the products of the parties and concluded that the relevant market is the provision of services for flooring and other interior design.

In its analysis, the Commission considered the activities of the merging parties and found that there are product overlaps in the relevant market since the acquirer, Kerry, is already a shareholder in the target company. This overlap however is confined to the shareholding in the target company. As such, the transaction is categorized as a phase 1 merger. Post-merger, the market shares in the relevant market and market concentration will not be altered such that the structure of the market will remain unchanged. Countervailing power and barriers to entry will not be affected hence the

transaction is unlikely to result in the substantial lessening or prevention of competition. The Commission approved the transaction without conditions.