



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM131Oct16

In the matter between:

WENDEL SE

Primary Acquiring Firm

and

TSEBO HOLDINGS PROPRIETARY LIMITED

Primary Target Firm

Panel	: AW Wessels (Presiding Member)
	: Mondo Mazwai (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 09 November 2016
Order Issued on	: 09 November 2016
Reasons Issued on	: 05 December 2016

Reasons for Decision

Approval

- [1] On 09 November 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction involving Wendel SE and Tsebo Holdings Proprietary Limited.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Wendel SE ("Wendel"), a French investment company listed on the Euronext Paris. Wendel has one core shareholder being Wendel

Participations SE ("Wendel Participations") with the rest of Wendel's shareholding widespread.

- [4] Wendel controls a large number of firms globally. In relation to South Africa, Wendel controls a number of companies with operations or sales in South Africa, including Stahl (incorporated in the Netherlands), Constantia Flexibles (incorporated in Austria), Bureau Veritas (incorporated in France) and CSP Technologies (incorporated in the USA). Stahl is active in the market for process chemicals for leather products and performance coatings for flexible substrates such as textile, paper, plastics and polymers. Constantia Flexibles produces flexible packaging solutions and labels primarily for the food and pharmaceuticals industries. Bureau Veritas provides compliance and certification and laboratory testing services. CSP Technologies designs and manufactures patented packaging solutions for moisture and/or oxygen-sensitive products.

Primary target firm

- [5] The primary target firm is Tsebo Holdings Proprietary Limited ("Tsebo"), a private company duly incorporated according to the company laws of the Republic of South Africa. Tsebo's South African operations are housed in Tsebo Solutions Group (Pty) Ltd.
- [6] Tsebo is primarily involved in the business of providing facilities management solutions, catering, cleaning and security. It is also involved in the business of providing hygiene supplies and energy management solutions.

Proposed transaction

- [7] Wendel intends to, through a South African shelf company, acquire sole control over the business of Tsebo. Post-merger, Tsebo will be wholly owned by Wendel.

Impact on competition

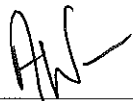
- [8] The Competition Commission ("Commission") considered the merging parties' activities and found that there is no horizontal or vertical overlap in their activities. The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. We concur with the Commission's conclusion.

Public interest

- [9] The merging parties in their merger filing confirmed that the proposed transaction will not result in any adverse impact on employment.¹
- [10] However, during the Commission's investigation it received a Notice of Intention to Participate from the National Union of Mineworkers ("NUM"). NUM represents some of the employees of Bureau Veritas Inspectorate Laboratories (Pty) Ltd ("BVI"). NUM claimed that the proposed transaction was going to result in job losses.
- [11] The Commission upon further investigation however found that certain retrenchments taking place at BVI were not related to the proposed merger but were rather linked to BVI losing a key contract pre-merger. We note that the Commission further engaged with NUM on this issue and that NUM ultimately elected to withdraw its Notice of Intention to Participate.
- [12] The proposed transaction further raises no other public interest concerns.

Conclusion

- [13] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no other public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr AW Wessels

05 December 2016
DATE

Ms Mondo Mazwai and Ms Andiswa Ndoni

Tribunal Case Manager: Karissa Moothoo Padayachie
For the merging parties: Derek Lotter of Bowman Gilfillan Inc
For the Commission: Ratshidaho Maphwanya

¹ Merger Record *inter alia* pages 10 and 57.