



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM040Jun15

In the matter between:

TRAXYS AFRICA (PTY) LTD

Primary Acquiring Firm

And

METMAR LIMITED

Primary Target Firm

Panel	: N Manoim (Presiding Member)
	: Anton Roskam (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 22 July 2015
Order Issued on	: 22 July 2015
Reasons Issued on	: 4 August 2015

Reasons for Decision (Non-confidential)

Approval

- [1] On 22 July 2015, The Competition Tribunal ("**Tribunal**") unconditionally approved the acquisition by Traxys Africa (Pty) Ltd ("**Traxys**") of the entire issued share capital in Metmar Limited ("**Metmar**").
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction

Acquiring firm

- [3] The primary acquiring firm is Traxys, a company wholly owned by Traxys S.à.r.l and ultimately controlled by the Carlyle Group L.P.¹ Traxys does not control any firm but has minor shareholding in Lehating Mining (Pty) Ltd, Siyanda Chrome Smelting Company (Pty) Ltd and Petmin Limited. Traxys and its subsidiaries will hereon be referred to as the Traxys Group.
- [4] The Traxys Group provides financial and logistical solutions in the ferro-alloy, metal, mineral, mining and energy industries. The Traxys Group trades and sources a diverse range of commodities such as non-ferrous metals, materials for steel mills.

Target firm

- [5] The target firm is Metmar, a company not controlled by any one firm.² Metmar's subsidiaries include Metmar Investments and Resources (Pty) Ltd, Metmar Global (Pty) Ltd, Metmar Trading (Pty) Ltd and Arengo 203 (Pty) Ltd. Metmar and its subsidiaries will hereon be referred to as the Metmar Group.
- [6] The Metmar Group specialises in the global trade in commodities such ferrous and non-ferrous metals, minerals, bulk metals, alloys, soft commodities, and industrial carbons.

Proposed Transaction and Rationale

- [7] Traxys intends to acquire the entire issued share capital of Metmar. Post-merger Traxys will control Metmar.

¹ Traxys S.à.r.l is wholly owned by T-I Holdings S.à.r.l, in turn T-I Holdings is a wholly owned by Metals Cayman Holdco Ltd. Metals Cayman is wholly owned by Metals Holdco Ltd, in turn Metals Holdco Ltd is controlled by the funds managed by affiliates of the Carlyle Group L.P.

² Metmar's five largest shareholders include: Wasat Investments (Pty) Ltd, Mr PP Boshoff, Mr GP Lotis, Mr DJ Ellwood and Coronation Fund Managers.

- [8] According to Traxys, the proposed transaction presents growth opportunities to enter new markets within the sub-Saharan African region. [REDACTED]

Relevant Market and Impact on Competition

- [9] The Competition Commission ("**Commission**") considered the activities of the merging parties to determine the relevant market. It found there is a horizontal overlap between the merging parties' activities in the international market for physical trading of ferroalloys, non-ferrous metals and ores.
- [10] The Commission found that the merged entity would have an estimated market share of 5% (with an accretion of 1%) in each of the three markets. The Commission is of the view that the market shares are low and that the merged entity post - merger is unlikely to substantially prevent or lessen competition in any of the identified markets.
- [11] Furthermore, the markets will continue to face constraints from large player such as Glencore International AG, Noble Group, Merten Canada, Gunvor International B.V and Mercuria Energy Group Limited.
- [12] The Commission found a vertical relationship as the merging parties in the past 12 months have bought and sold products to each other. Traxys has purchased chrome from Metmar accounting for [less than 5%]⁴ of the Metmar Group turnover whilst the Metmar Group has purchased zinc metal on accounting for [less than 5%]⁵ of Traxys annual turnover. The Commission is of the view that the amounts are relatively small and the proposed transaction would not lead to any foreclosure concerns.
- [13] The Commission accordingly concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant markets. We agree with this assessment.

³ Claimed as confidential

⁴ Claimed as confidential

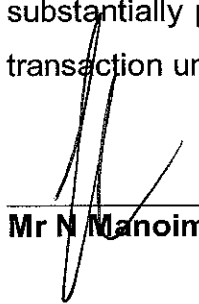
⁵ Claimed as confidential

Public Interest

- [14] The transaction does not raise any public interest concerns.

Conclusion

- [15] In light of the above we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition. Accordingly we approved the proposed transaction unconditionally.



Mr N Manoim

4 August 2015
DATE

Mr A Roskam and Prof I Valodia concurring

Tribunal Researcher:

Moleboheng Moleko

For the merging parties:

Rick van Rensburg – Edward Nathan
Sonnenbergs Inc.

For the Commission:

Nolubabalo Myoli and Nompucuko Nontombana