



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM232Mar15/021048

In the matter between:

BAIN CAPITAL INVESTORS LLC

Acquiring Firm

And

TI FLUID SYSTEMS LIMITED

Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 20 May 2015
Order Issued on	: 20 May 2015
Reasons Issued on	: 4 June 2015

Reasons for Decision

Approval

- [1] On 20 May 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Bain Capital Investors LLC ("Bain Capital") and TI Fluid Systems Limited ("TI Fluid").
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction and their Activities

Primary acquiring firm

- [3] The primary acquiring firm is Bain Capital, a company incorporated under the laws of the United States of America. Bain Capital is not controlled by any firm. Bain Capital controls a number of firms throughout the world. In South Africa, Bain Capital controls Edgars Consolidated Stores Limited ("Edcon") and IMCD South Africa (Pty) Ltd ("IMCD Group"). Bain Capital's subsidiaries ASIMCO Technologies Limited ("ASIMCO") and FTE Verwaltungs GmbH ("the FTE Group") are relevant to the proposed transaction.
- [4] Bain Capital is a private, alternative asset management firm. It provides investment advice and investment fund management to its extensive list of private equity investment funds which in turn invest in companies across various sectors including the automotive sector. In relation to the South African companies, Edcon is a retailer of clothing, footwear and cosmetics in South Africa whilst the IMCD group is a distributor of specialty chemicals in a diversified range of end markets.
- [5] ASIMCO and the FTE Group are involved in the production and supply of automotive components. ASIMCO specializes in the manufacturing of fuel injection systems, powertrain, chassis components, rotating electrics and noise, vibration and harshness ("NVH") products.¹ ASIMCO also supplies rubber parts which are used for vehicle noise reduction, vibration damping and sealing in passenger vehicles.
- [6] The FTE Group produces and supplies hydraulic clutch actuation systems and components for transmissions, hydraulic brake actuation systems and components for passenger cars, light and heavy trucks. The FTE Group does not sell any hydraulic brake actuation systems in South Africa.

Primary target firm

- [7] The primary target firm is TI Fluid, a company incorporated in terms of the laws of England and Wales. TI Fluid is not controlled by any firm. It Controls various companies throughout the world. In South Africa, it controls TI Automotive Fuel Systems (South Africa) (Pty) Ltd ("TI Automotive Fuel Systems") and TI Group

¹ ASIMCO did not make any of these types of sales in South Africa over 2012 and 2013.

Automotive Systems (South Africa) (Pty) Ltd ("TI Group Automotive Systems"). Neither TI Automotive Fuel Systems nor TI Group Automotive Systems control any firm.

- [8] TI Fluid conducts its South African operations through TI Automotive Fuel Systems and TI Group Automotive systems which assemble fuel tanks, delivery systems and automotive components. Thereafter, these products are sold directly to automobile manufacturers and to the independent aftermarket.

Proposed transaction and rationale:

- [9] In terms of the proposed transaction, Bain Capital will acquire TI Fluid. Upon completion of the proposed transaction, it will have sole control over TI Fluid.
- [10] Bain Capital submits *inter alia* that the acquisition provides an attractive investment opportunity because TI Fluid System's global automotive fluid storage, carrying and delivery systems for light vehicles will facilitate growth. As the target firm, TI Fluid recognises Bain Capital as an attractive business partner.

Relevant market and Impact on Competition:

- [11] The Competition Commission considered the activities of the merging parties in order to determine the relevant market. It found that both the acquiring firm and the target firm are involved in the manufacture and supply of automotive components internationally. However, in South Africa, their operations are limited to only the supply of automotive components as the merging parties do not manufacture any automotive components in South Africa.
- [12] On a more detailed analysis of the product market, the Commission found that except for a relatively small amount of rubber parts, used for vehicle noise reduction, vibration damping and sealing in passenger vehicles,, the acquiring group does not supply any other automotive products to the South African market. Conversely, TI Fluid supplies fuel tanks, delivery systems and automotive components, such as HVAC fluid carrying systems, air-conditioning, brake pipes, clutch pipes etc, to the automobile manufacturers and the independent aftermarket. Thus, there is no product overlap in the activities of the merging parties.

[13] The Commission accordingly concluded that the proposed transaction is unlikely to substantially lessen or prevent competition in the relevant market.²

Public interest:

[14] The Commission concluded that there are no public interest concerns likely to arise from the proposed transaction.

Conclusion:

[15] In light of the above, we agree with the Commission's analysis and conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market. In addition, no public interest issues arise from the proposed transaction.



Norman Manoim

04 June 2015
DATE

Medi Mokuena and Andiswa Ndoni concurring

Tribunal Researcher: Ammara Cachalia
For the merging parties: Thato Mkhize, Xolela Nokele
For the Commission: Anton Roets, Nortons Incorporated.

² The Commission is currently engaged in a cartel investigation involving automotive components. Neither the target firm or the acquiring firms are a subject of that investigation we were informed.