



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM238Feb16

In the matter between:

**EQUATORIAL TRADING LIMITED and
WILMAR RESOURCES, PTE LTD**

Primary Acquiring Firm

and

**WILMAR CONTINENTAL EDIBLE OILS
AND FATS (PTY) LTD**

Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Anton Roskam (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 22 March 2016
Order Issued on	: 22 March 2016
Reasons Issued on	: 12 April 2016

Reasons for Decision

Approval

- [1] On 22 March 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Equatorial Trading Limited and Wilmar Resources, Pte Ltd and Wilmar Continental Edible Oils and Fats (Pty) Ltd.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firms are Equatorial Trading Limited ("Equatorial"), a company incorporated in accordance with the company laws of Labuan, and Wilmar Resources, Pte Ltd ("Wilmar Resources"), a company incorporated in accordance with the company laws of Singapore. Collectively they are referred to as the "Acquiring Firms". The Acquiring Firms are controlled by Wilmar International Ltd ("Wilmar International").

Primary target firm

- [4] The primary target firm is Wilmar Continental Edible Oils and Fats (Pty) Ltd ("Wilmar Continental"), a firm incorporated in accordance with the company laws of the Republic of South Africa.
- [5] Wilmar Continental is a crude and refined vegetable oil manufacturer. It produces refined edible oils and oilcake meal, as well as dips, mayonnaise, and other related products of vegetable oils. Its consumer pack products are mainly sold under the "Excella" brand. It also produces specialty fats from palm oil sold under the "Pan Palm" brand name.

Proposed transaction and rationale

- [6] In terms of the proposed transaction, Equatorial and Wilmar Resources, will both acquire an increased shareholding in Wilmar Continental. Wilmar International will become the indirect sole shareholder in Wilmar Continental post-merger.
- [7] Equatorial and Wilmar Resources submit that the proposed transaction will result in Wilmar International virtually becoming the indirect sole shareholder of Wilmar Continental. The target firm will benefit from the financial strength of the Acquiring Firms as well as increase its links with a major international agri-business company such as the Wilmar Group.
- [8] Wilmar Continental submits that the sellers of the target firm would like to exit from their loss-making investment thus the proposed transaction is an ideal opportunity to do such.

Impact on competition

- [9] The Competition Commission ("Commission") found that the proposed transaction did not result in any horizontal or vertical overlap. The Commission found that the proposed transaction does not result in an alteration of the market structure as there is no market share accretion. Thus, the proposed transaction is unlikely to substantially prevent or lessen competition. However, the Commission did assess whether the proposed transaction has the potential to change the incentive of the Acquiring Firms.
- [10] The Commission found that the proposed transaction is unlikely to change the Acquiring Firms' incentive on the basis that pre-merger, Wilmar International indirectly solely controls Wilmar Continental given the majority shareholding it holds, and that it has the ability to appoint the majority of the directors through the Acquiring Firms.
- [11] The Commission also assessed whether the sellers constrained the Acquiring Firms' ability to influence the decisions of the business as well as the day to day management of Wilmar Continental. It was found that the target firm is currently run by a professional management team (appointed by the board of Wilmar Continental), which is to be retained post-merger. Accordingly, there will be no change in the day to day running of the business post-merger, therefore there is no evidence to suggest that the sellers constrained the Acquiring Firms ability to influence decisions or the day to day management of Wilmar Continental.
- [12] The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.
- [13] We concur with the Commission's conclusion that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

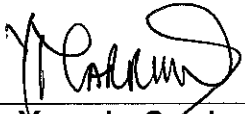
Public interest

- [14] The merging parties confirmed that the proposed transaction will not result in any adverse impact on employment.
- [15] The proposed transaction further raises no other public interest concerns.

Conclusion

- [16] 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

public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Ms Yasmin Carrim

12 April 2016

DATE

Mr Anton Roskam and Ms Andiswa Ndoni concurring

Tribunal Researcher:	Kameel Pancham
For the merging parties:	Norton Rose Fulbright
For the Commission:	Relebohile Thabane