competitiontribunal
south africa

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM013Apr16

In the matter between:

ZICO CAPTITAL TWO PROPRIETARY LIMITED Primary Acquiring Firm

and

GOLDRUSH GROUP PROPRIETARY LIMITED Primary Target Firm

Panel	: Medi Mokuena (Presiding Member)
	: Anton Roskam (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 24 August 2016
Order Issued on	: 24 August 2016
Reasons Issued on	: 20 September 2016

Reasons for Decision

Approval

[1] On 10 August 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Zico Capital Two Proprietary Limited and Goldrush Group Proprietary Limited.

[2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

[3] The primary acquiring firms is Zico Capital Two Proprietary Limited ("Zico Capital"), a firm incorporated in terms of the laws of the Republic of South Africa.

[4] Zico Capital is a newly established firm and does not control any firm.

Primary target firm

[5] The primary target firm is Goldrush Group Proprietary Limited ("Goldrush"), a firm incorporated in terms of the laws of the Republic of South Africa.[1]

[6] Goldrush controls two firms collectively referred to as "the Goldrush Group. The Goldrush Group is active in the provision of regulated gaming services/products, including electronic betting terminals ("EBT's"), limited pay-out machines ("LPM's"), sports betting online betting and casinos.

Proposed transaction and rationale

[7] In terms of the proposed transaction the Acquiring Firm intends to acquire 14.77% of the issued capital in Goldrush. Post-merger Zico Capital will control Goldrush.

Impact on competition

[8] At the time the merging parties submitted this merger to the Competition Commission (the Commission), Zungu Investment Company Proprietary Limited (Zungu) held 76.2% of the issued share capital in Crazy Slots Proprietary Limited ("Crazy Slots"), which, owns and operates LPMs in Gauteng in competition with Goldrush.

[9] Zico Capital and Crazy Slots respectively introduced a possible horizontal overlap in the activities of the merging parties.

[10] The Commission subsequently received notice of a small merger according to which Goldrush acquired 100% of the issued share capital in Crazy Slots. The Commission

[1] Goldrush is not controlled by any firm or shareholder.

approved the small merger. This means that the proposed merger no longer results in a horizontal or vertical overlap in the activities of the merging parties.

[11] In light of the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition within the relevant market.

[12] We agree with the Commission's conclusion.

Public interest

[13] The merging parties confirmed that the proposed transaction will have no negative effect on employment.

[14] The proposed transaction further raises no other public interest concerns.

Conclusion

[15] 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. Medi Mokuena

20 SEPTEMBER 2016
DATE

Mr Anton Roskam and Ms Andiswa Ndoni concurring

Tribunal Researcher:	Busisiwe Masina
For the merging parties:	Chris Charter of Cliffe Dekker Hofmeyr Inc.
For the Commission:	Reabetswe Molotsi