



MERGER DECISION NO 03: 2023

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 30% ISSUED SHARE CAPITAL IN PRIMETEL (PTY) LTD BY TECHNIQUE (PTY) LTD

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in relation to the proposed acquisition of 30% of the issued share capital in Primetel (Pty) Ltd ("Primetel" or the "Target Enterprise") by Technique (Pty) Ltd ("Technique" or the "Acquiring Enterprise"). Following the implementation of the proposed transaction, the Acquiring Enterprise shall exercise 30% control over the Target Enterprise. The transaction was notified to the Authority on the 30th January 2024 and the merger assessment was completed on 1st March 2024.

The Acquiring Enterprise is a company incorporated in accordance with the Laws of Botswana. The Acquiring Enterprise is not controlled nor does it control any entity in Botswana. Technique carries on its business under the business name Nashua Botswana, duly registered under the Laws of Botswana.

On the other hand, the Target Enterprise is also a company incorporated in accordance with the Laws of Botswana. The Target Enterprise is not controlled nor does it control any entity in Botswana. Primetel in turn operates under the business name of Nashua Connect, duly registered under the Laws of Botswana.

Relevant Markets

In terms of the activities of the Merging Parties, the Acquiring Enterprise is in the business of selling Information and Communications Technologies ("ICT") Equipment, including multifunctional machines. These include printers, photocopier machines and ancillary consumables across Botswana in areas such as, but not limited to Gaborone, Charles Hill, Kasane, Bobonong, Francistown, etc. The Acquiring Enterprise services companies across the board (SMME and Corporates) with Printing services, CCTV and software for monitoring CCTV and for printers.

On the other hand, the Target Enterprise is an Internet Service Provider (ISP) and is involved in the supply of bandwidth, either radio or fibre, to various customers (SMME, Corporate, Homes users).

The assessment therefore indicates that in a broader perspective, the Acquiring Enterprise and the Target Enterprise are involved in the ICT industry while their

product offerings are different. The Merging Parties also have similar customers with distinct demand requirements. As such, a narrower and more microscopic analysis shows that the two businesses are not direct competitors as they offer different products and services within the ICT industry. Furthermore, the preliminary assessment discovered that there is cross shareholding between the Merging Enterprises as Mr. Sean Byron Irish holds shares in both entities. Nonetheless, the identified overlap is of less competition concern as the two companies serve customers with distinct products and services.

Furthermore, the assessment findings have revealed that there are active alternative service providers available within the ICT industry in Botswana. The ISP market includes other players such as Botswana Telecommunications Corporation (“BTC”) and Paratus, amongst others, which will continue to offer choice to consumers and provide competitive pressure on the Merged Entity. The ICT Equipment services market also has other such players as Canon, BMS Botswana, Hikvision and Konika Minolta, among others. Thus, the numerous players in the markets detailed above compete to supply these goods and services to their numerous customers.

Over and above this, the ISP market is regulated by the Botswana Communications Regulatory Authority (“BOCRA”). BOCRA is responsible for regulatory oversight of broadcasting, internet, postal and telecommunications services and provides guidance for the quality of internet services and minimum bandwidth requirements to be adopted by service providers.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the investigations have revealed that both the Acquiring and Target Enterprises are players in the ICT industry, with different product offerings. The Acquiring Enterprise supplies printers and CCTV goods and services within the ICT Equipment segment of the market, whereas, the Target Enterprise is engaged in the provision of internet and related services. The Authority therefore does not anticipate the acquisition to result in any substantial lessening of competition post implementation due to the fact that there exists other ICT goods and service providers in Botswana that will continue to compete with the Merged Enterprise, post-merger.

For the analysis of Acquisition of Dominance, it is important to emphasise that a dominant position in the context of section 2 of the Competition Act 2018, refers to a situation in which one or more enterprises possess such economic strength in a market as to allow the enterprise or enterprises to adjust prices or output without effective constraint from competitors or potential competitors.

The implementation of the proposed merger is not expected to result in the acquisition of a dominant position in the relevant market in Botswana. The merger is expected to have an insignificant accretion to the Merged Enterprise's market share as the Acquiring Enterprise will only assume 30% shareholding in the Target Enterprise. Additionally, since this is a congeneric acquisition, the merger is expected to create cross-selling opportunities for the Merging Enterprise.

However, as indicated above, the Merged Enterprise is expected to face strong competition from the existing well-established players in the ICT sector as well as regulation by BOCRA for ISPs.

In terms of Public Interest considerations, the Authority does not foresee any detriment to matters of public interest that will arise as a result of the transaction under consideration. The implementation of the proposed merger would not change the trading and business operations of the Merged Enterprise from the current status.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not expected to significantly change upon implementation of the proposed merger, as the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in the market under consideration. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has decided to unconditionally approve the proposed acquisition of 30% of the issued share capital in Primetel (Pty) Ltd by Technique (Pty) Ltd.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 1st day of March 2024.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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