



MERGER DECISION NO 08: 2022

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION BY LONSA EVERITE (PTY) LTD OF THE ENTIRE ISSUED SHARE CAPITAL IN SWARTLAND INVESTMENTS (PTY) LTD AND SWARTLAND INSULATION (PTY) LTD AND THE TARGET PROPERTIES OF SWARTLAND PROPERTY COMPANY

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act of 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 by Lonsa Everite (Pty) Ltd (“Lonsa Everite” or “The Acquiring Enterprise”) of the entire issued share capital in Swartland Investments (Pty) Ltd (“Swartland Investments”) and Swartland Insulation (Pty) Ltd (“Swartland Insulation”) and the Target Properties of Swartland Eiendomme (Pty) Ltd (“Swartland Property Company”), (collectively referred to as the “Target Enterprises. The transaction was notified to the Authority on 15th February 2022 and the merger assessment was completed on 10th March 2022.

The Acquiring Enterprise, Lonsa Everite is a company incorporated in accordance with the Laws of South Africa. Lonsa Everite is controlled by: Lonsa Group Limited (“Lonsa Group”), and Legacy Africa Capital Fund I (“Legacy Africa Fund”). The non-controlling shareholders of Lonsa Everite are: Everite Management (Pty) Ltd; Everite BEE Partner (PTY); Everite Board Investors (Pty) Ltd; and Mr. Craig Bradfield. Lonsa Group is a company incorporated in Mauritius and it is, in turn, wholly controlled by a private individual. Legacy Africa Fund’s general partner and controller is Legacy Africa Capital Partners (“Legacy Africa”). Lonsa Group is a principal impact investment entity which has investments in the industrials, energy, logistics and property sectors in Southern Africa. The Acquiring Enterprise and its associate businesses do not control any enterprise in Botswana.

The Target Enterprises include Swartland Investments and Swartland Insulation and the Target Properties of Swartland Property Company. Swartland Investments and Swartland Insulation are both registered in accordance with the Laws of South Africa. The duo are wholly controlled by Swartland Group (Pty) Ltd (“Swartland Group”). The Target Properties are wholly controlled by the Swartland Property Company, which is in-turn controlled by Swartland Group. The Swartland Group is wholly controlled by Jurgens Hanekom Trust (“Hanekom Trust”).

The Hanekom Trust is not controlled by any individual or firm. All the entities that directly or indirectly control the Target Enterprises including the Hanekom Trust are registered in accordance with the Laws of South Africa.

Relevant Markets

In terms of the relevant market, the assessment of the proposed transaction has revealed that the Merging Parties are domiciled in South Africa and they are active in Botswana through the supply of their respective products to a number of retail outlets in Botswana. The business activities of Lonsa Everite relate primarily to the manufacture, supply and sale of fibre cement and autoclave aerated concrete building products and other complementary traded goods in South Africa and across Africa as well as the mining and supply of single, washed silica and plaster sand in South Africa. In Botswana, Lonsa Everite sells fibre cement fascias, fibre cement ceiling boards; building columns, and polycarbonate sheeting.

On the other hand, the activities of Swartland Investments and Swartland Insulation relate primarily to the manufacture, sale or trade of doors, windows, automated garage doors and insulation products. In particular Swartland Investments is a distributor of a variety of door frames and windows made from wood, aluminium and steel whereas Swartland Insulation is a manufacturer of extruded polystyrene and distributor of insulation products. In Botswana, the activities of Swartland Investments and Swartland Insulation relate to the supply of doors. The Target Properties which are a subject of the proposed transaction are situated in South Africa and thus do not conduct any business activities in Botswana. Furthermore, the Acquiring Enterprise and the Target Enterprise and their associate businesses do not control any enterprise in Botswana.

Therefore, for purposes of analysing the proposed transaction, and in view of the nature of the products and services offered by the Merging Parties, the market under consideration is defined as the manufacture, supply, and trade of building materials and/or building products in Botswana.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the investigation has revealed no product overlap in the activities of the merging parties since the Target and Acquiring enterprises are not active in the same line of business. In this regard, the Authority does not expect the proposed transaction to give rise to any substantial lessening of competition or restrict trade or the provision of services or to endanger the continuity of supplies in the relevant market or in any market in Botswana.

The proposed merger is not expected to result in the acquisition of a dominant position by the merged entity or by any enterprise in Botswana. The Merging Parties are domicile in South Africa and they are active in Botswana through the supply of their respective products into the country. The Merging Parties are not direct competitors and therefore no accretion in market share will arise as a consequence of the proposed transaction. Thus, the proposed transaction will not result in any changes to the market structure.

With regards to 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. No job losses are anticipated in Botswana as a result of the proposed merger.

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 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 of the manufacture, supply, and trade of building materials and/or building products in Botswana. 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 unconditionally approved the proposed acquisition by Lonsa Everite (Pty) Ltd of the entire issued share capital in Swartland Investments (Pty) Ltd and Swartland Insulation (Pty) Ltd and the Target Properties of Swartland Eiendomme (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 10th day of March 2022.

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