



## **MERGER DECISION NO 22: 2020**

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

#### **DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 42.5% ISSUED SHARES FROM LIQUID TELECOMMUNICATIONS BOTSWANA (PTY) LTD BY LIQUID TELECOMMUNICATIONS HOLDINGS LIMITED CURRENTLY HELD BY BOTSWANA POWER CORPORATION.**

##### **Introduction of the merging parties**

- i. 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 respect of the proposed acquisition of 42.5% issued shares from Liquid Telecommunications Botswana (Pty) Ltd by Liquid Telecommunications Holdings Limited currently held by Botswana Power Corporation. The transaction was notified to the Authority on 7<sup>th</sup> September 2020 and the merger assessment was completed on 12<sup>th</sup> November 2020.
- ii. The acquirer, LTH, is a company incorporated in accordance with the Laws of Mauritius. LTH is directly or indirectly controlled by the following: Econet Global Limited; GW Fibre Limited; Nicholas Trevor Rudnick; DTOS Trustees Limited; Lisinfo 213 Property (RF) Proprietary Limited; Econet New ARX Limited; Econet Wireless Zimbabwe Limited; and CDC Group PLC. LTH has several subsidiaries across Africa including Botswana where it holds 57.5% stake in Liquid Telecommunications Botswana (Pty) Ltd. Though LTH is not physically present in Botswana, the company through its shareholding in LTB, the target entity, is a provider of wholesale telecommunications and technology, focusing on connecting Botswana locally and internationally. LTH is a leading communications solutions provider across 13 countries primarily in Eastern, Central and Southern Africa that serves mobile operators, carriers, enterprise, media and content companies and retail customers with high speed, reliable connectivity, hosting and co-location and digital services.
- iii. The target enterprise, LTB, is a company incorporated in accordance with the Laws of the Republic of Botswana. It is directly or indirectly controlled by LTH and Botswana Power Corporations ("BPC"). BPC is a state owned company for electrical power generation, transmission and distribution in Botswana established by BPC Act (CAP 74:01). LTB does not directly or indirectly control any firm in Botswana. LTB is a wholesale telecommunications and technology provider, focusing on connecting Botswana locally and internationally.

Products offered include: wholesale international bandwidth to the incumbent fixed line operator (being, Botswana Telecommunications Corporation Limited), mobile network operators and internet service providers; national and international services for enterprises in Botswana, as well as incoming services for multinational companies; VSAT services for outlying areas for enterprise customers such as banks and certain retail outlets as well as for the tourism/hospitality industry; home internet; broad band wireless; DX services which include the Azure Stack, Office 365, and other cloud computing services; and managed services.

### **Relevant Markets**

- iv. In terms of the relevant market, the assessment of the proposed transaction revealed that the merging parties do not compete in the same product market. LTH operates in the digital and media communications market while BPC operates in the electrical power generation market. Additionally, assessment of the merger did not reveal any geographical overlaps because LTH has not yet commenced its core operations in Botswana.

### **Competitive Analysis and Public Interest**

- v. The Authority's assessment did not reveal any substantial lessening of competition concerns due to the absence of product and geographical overlaps in the activities of the merging parties. The merged entity will become a new entrant which is expected to enhance competition in the relevant market.
- vi. In terms of public interest, the assessment revealed that the merger is expected to create employment in Botswana. Furthermore the Authority appreciates that the transaction allows LTB to improve the skills of its employees through leveraging on LTH's global expertise.

### **The Determination**

- vii. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. Furthermore, no public interest concerns have been identified.
- viii. Pursuant to the provision of Section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of 42.5% issued share capital in Liquid Telecommunications Botswana (Pty) Ltd by Liquid Telecommunications Holdings Limited currently held by Botswana Power Corporations.

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 12<sup>th</sup> day of November 2020.

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