



MERGER DECISION NO 59: 2023

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

MERGER DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION BY MONAMODI MABILLE OF 100% OF THE TOTAL ISSUED SHARE CAPITAL IN INTEGRATED MECHANICAL SERVICES (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 by Monamodi Mabile ("Mr. Monamodi" or the "Acquiring Enterprise") of 100% (one hundred percent) of the total issued share capital in Integrated Mechanical Services (Pty) Ltd ("Integrated Mechanical Services" or the "Target Enterprise"). Following the implementation of the proposed transaction, the Acquiring Enterprise shall exercise sole control over the Target Enterprise. The transaction was notified to the Authority on the 27th November 2023 and the merger assessment was completed on 15th December 2023.

The Acquiring Enterprise is an adult male of full legal capacity of Plot 53689, Phakalane Golf Estate, Phakalane, Gaborone, Botswana. The acquirer is a natural person and is therefore not controlled by any entity. Mr. Monamodi controls Letsatsi Investments (Pty) Ltd, a civil construction company; Nowel Ventures (Pty) Ltd; Stoke (Pty) Ltd; and Tumelano Farm (Pty) Ltd, all of which are not operational except Letsatsi Investments (Pty) Ltd.

On the other hand, the Target Enterprise is a company registered in accordance with the Laws of the Republic of Botswana. Integrated Mechanical Services does not directly or indirectly control any entity in Botswana.

Relevant Markets

In terms of the activities of the Merging Parties, the Acquiring Enterprise has business interests in the enterprises indicated above in Botswana through shareholding, one of which is involved in civil construction whilst the rest are not operational.

On the other hand, the Target Enterprise operates a mechanical services business that involves the construction, installation, replacement, repair, alteration, maintenance, testing and commissioning of mechanical heating and cooling systems in commercial and residential buildings. The Target Enterprise provides products to the entire Botswana region.

The assessment indicates that the Acquiring Enterprise is a natural person and is not involved in the Target Enterprise's relevant market. Therefore, the assessment has revealed no overlaps.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the investigations have revealed that the Acquiring Enterprise is a natural person with business interests through sole shareholding in a civil construction enterprise and is therefore not involved in the Target Enterprise's relevant market. The Target Enterprise is engaged in mechanical services business provision. 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 mechanical services businesses in Botswana owned by diverse individuals and companies that will act as a constraint on the Acquiring 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 as the market share of the Target Enterprise will remain the same post-merger. The Acquiring Enterprise is not involved in the Target Enterprise's relevant market and will only acquire the Target Enterprise's already existing market share. In addition, the mechanical services business sector in Botswana is highly competitive and characterised by a number of players in the market who will continue to provide competitive pressure on the merged enterprise.

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. Furthermore, the proposed transaction will promote citizen economic empowerment as the Merged Enterprise will become a wholly owned citizen company post-merger. Additionally, no job losses are anticipated in Botswana as a result of the proposed transaction.

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 by Monamodi Mabile of 100% of the total issued share capital in Integrated Mechanical Services (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 15th day of December 2023.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013