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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM134Oct16

In the matter between:

EOH MTHOMBO (PTY) LIMITED Primary Acquiring Firm

and

MARS HOLDINGS PROPRIETARY LIMITED Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andreas Wessels (Tribunal Member)
Heard on	: 30 November 2016
Order Issued on	: 30 November 2016
Reasons Issued on	: 15 December 2016

Reasons for Decision

Approval

[1] On 30 November 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between EOH Mthombo (Pty) Limited and Mars Holdings (Pty) Ltd.

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

Parties to proposed transaction

Primary acquiring firm

[3] The primary acquiring firm is EOH Mthombo (Pty) Limited a wholly-owned subsidiary of EOH Holdings Limited ("EOH Holdings") a company incorporated in South Africa[1].

[4] EOH Holdings and its subsidiaries will collectively be referred to as the "Acquiring Group"

Primary target firm

[5] The primary target firm is Mars Holdings (Pty) Ltd ("Mars"), a company incorporated in South Africa. Mars is controlled by Mark Chewins (56.25%), while Ametjie Rist owns (43.75%).

[6] Mars and its subsidiaries will collectively be referred to as the "Target Group[2]".

Proposed transaction and rationale

[7] The Acquiring Group intends to acquire 100% of the issued share capital of the Target Group. On completion of the transaction, the Acquiring Group will control the Target Group.

[8] The Target Group submits that the proposed transaction will help it recoup its investment through receipt of cash and shares in the Acquiring Group. The proposed transaction will also provide the Target Group and its employees with better growth opportunities as a result of access to the Acquiring Group's customer base and the shared services and resources of a larger listed group.

Impact on competition

[9] The Acquiring Group is an investment and management company which provides consulting, technology and outsourcing services. It engages in developing businesses and IT strategies, supply and implementing solutions and managing enterprise-wide business systems and processes for medium to a larger clients. The Acquiring Group provides services and products in three major areas, namely, consulting, technology (software and infrastructure) and outsourcing.

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[1] EOH Holdings is a company listed on the Johannesburg Securities Exchange ("JSE").

[2] Mars wholly-owns Syntell (Pty) Ltd ("Syntell"), which in turn controls the following, Mikros Traffic Monitoring (Pty) Ltd, Mikros Traffic Monitoring (KZN) (Pty) Ltd, Mikros System (Pty) Ltd, Syntell Southern Cape (Pty) Ltd, Syntell System (Pty) Ltd, System Namibia (Pty) Ltd, Syntell Ghana (Pty) Ltd.

[10] The Target Group is active in the provision of services and solutions used in traffic regulation and enforcement. The Target Group operates through three business divisions namely Road Safety, Traffic Management and Revenue Collections.

[11] The Commission considered the activities of the merging parties and found that both parties are active in the broader information technology market. However, the Acquiring Group is active in the provision of information technology services which include: network solutions, hosting services, server support services, desktop support services, telephone service and procurement services. Whereas the Target Group is active in the provision of services and solutions used in traffic regulation and enforcement and provides automated online interaction and revenue collection system and prepaid vending system used by municipalities and utilities. Therefore the Commission concluded that there was no overlap between the activities of the merging parties and therefore that the proposed transaction is unlikely to substantially prevent or lessen competition within the relevant market.

[12] We concur 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.

Mr. Norman Manoim

15 December 2016
DATE

Ms Medi Mokuena and Mr Andreas Wessels concurring