



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM0148Oct20

In the matter between

Main Street 1788 (Pty) Ltd

Primary Acquiring Firm

and

Octotel (Pty) Ltd

Primary Target Firm

Panel	: M Mazwai (Presiding Member)
	: E Daniels (Tribunal Member)
	: A Ndoni (Tribunal Member)
Heard on	: 25 November 2020
Order Issued on	: 25 November 2020
Reasons Issued on	: 2 December 2020

REASONS FOR DECISION

Introduction

[1] On 25 November 2020, the Competition Tribunal (“Tribunal”) approved a transaction in terms of which Main Street 1788 (Pty) Ltd (“Mainstreet”) acquired the entire issued share capital of Octotel (Pty) Ltd (“Octotel”), without conditions.

[2] The reasons for the approval follow.

Parties to the transaction

Primary Acquiring Firm

- [3] The primary acquiring firm is Main Street 1788 (Pty) Ltd (Main Street"). Main Street is a special purpose company incorporated in South Africa.
- [4] Main Street is wholly owned by Actis Peninsula 2 Ltd, which in turn is wholly owned by Actis Peninsula 1 L (both incorporated in Mauritius).
- [5] Actis Peninsula 1 Limited is solely controlled by Neoma Africa Fund III LP, which is managed by Neoma Manager Mauritius Ltd.
- [6] Neoma Manager Mauritius Ltd is solely owned by Actis International Limited ("Actis International"), registered in England.
- [7] Actis International in turn is directly and solely controlled by Actis LLP ("Actis"), registered in England.
- [8] Although various individuals directly or indirectly hold partnership interests in Actis, no individual holds a controlling interest in Actis or controls it for competition law purposes.
- [9] The Actis Group controls the following firms, among others:
 - Biotherm Energy Proprietary Limited ("Biotherm")
 - Coricraft Group Proprietary Limited ("Coricraft")
 - Food Lovers Holdings Proprietary Limited ("FLM")
- [10] The Actis Group is a global private equity investment group which invests emerging markets including Africa, China, India, Latin America and South East Asia.

[11] The Group generally invests in buyouts of companies or non-core divisions of large corporations and in private companies.

[12] The Actis Group is generally focused on the consumer, healthcare, financial services, industrial, energy and real estate sectors.

Primary Target Firm

[13] The primary target firm is Octotel, incorporated in South Africa.

[14] The shareholders of Octotel are as follows:

- Robert Gilmour [REDACTED]
- Mark Slingsby [REDACTED]
- CTP Limited [REDACTED]
- PRIF SAVest Mauritius Limited ([REDACTED] and
- PRIF SAVest South Africa Proprietary [REDACTED]

[15] Octotel is a provider of last-mile Fibre To The Home ("FTTH") and Fibre To The Business ("FTTB") network services in the Cape Town metropolitan area. Octotel constructs, owns, manages and operates a wholesale open access fibre network in terms of which it leases fibre lines to ISPs for the provision of retail services to end-users.

[16] Octotel's FTTH and FTTB offering is facilitated through connecting its trenched local fibre network to backhaul dark fibre. It procures access to metropolitan backhaul dark fibre from Dark Fibre Africa Proprietary Limited ("DFA"), through RSAWeb (Pty) Ltd, which operates, *inter alia*, as a re-seller of DFA services.

[17] Octotel also services other areas in relatively close proximity, including Gordons Bay, Somerset West, Kraaifontein, Melkbosstrand and Bloubergstrand.

Proposed transaction and rationale

[18] Main Street intends to acquire the entire issued share capital of Octotel, for a purchase consideration of [REDACTED]

[19] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]”

Relevant market and impact on competition

[21] The Commission considered the activities of the merging parties and found that the firms controlled by the Actis Group in South Africa do not have any interests in firms providing fibre network, or other telecommunication infrastructural services in South Africa. There are accordingly no overlaps in respect of the activities of the Actis Group and Octotel.

[22] The Commission therefore found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. We agree with this assessment.

Public interest considerations

[23] The Commission found that the proposed transaction would not raise any public interest concerns. In addition, no concerns were raised by the employee representatives.

Conclusion

[24] In light of the above, we concluded 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 approved the proposed transaction unconditionally.



Ms Mondo Mazwai

2 December 2020

Date

Mr E Daniels and Ms A Ndoni concurring.

Tribunal Case Managers : Camilla Mathonsi; Alistair Dey-van Heerden