



## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM192Jan17

In the matter between:

**KAGISO CAPITAL (PTY) LTD**

Primary Acquiring Firm

and

**KAGISO TISO HOLDINGS (PTY) LTD**

Primary Target Firm

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Panel	: Norman Manoim (Presiding Member)
	: Enver Daniels (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 01 February 2017
Order Issued on	: 01 February 2017
Reasons Issued on	: 13 February 2017

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### Reasons for Decision

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#### Approval

- [1] On 01 February 2017, the Competition Tribunal ("Tribunal") approved the proposed transaction between Kagiso Capital (Pty) Ltd and Kagiso Tiso 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 Kagiso Capital (Pty) Ltd ("KC"), a company incorporated in accordance with the laws of the Republic of South Africa.

- [4] KC is controlled by the Kagiso Charitable Trust ("KCT") and controls Kagiso Trust Strategic Investments (Pty) Ltd ("KTSI"). KC has a 6.7% interest in KTH and KCT a 31.3% interest in KTH.
- [5] KCT empowers the poverty stricken by creating and implementing development programs in the areas of education, capacity building, socio-economic development, fundraising and investment through special projects.

*Primary target firm*

- [6] The primary target firm is Kagiso Tiso Holdings (Pty) Ltd ("KTH"), a company incorporated in accordance with the laws of the Republic of South Africa.
- [7] KTH is not controlled by any firm but does control the following: Kagiso Media (Pty) Ltd, Lupo Bakery (Pty) Ltd, Kagiso Asset Management (Pty) Ltd, Servest Group (Pty) Ltd, and Kagiso Ventures (Pty) Ltd.
- [8] KTH is a black controlled and managed investment holding company and has a portfolio of investments across key sectors such as media, property, resources, infrastructure, power, financial services, investment companies and health.

**Proposed transaction**

- [9] In terms of the proposed transaction, KC intends to increase its shareholding in KTH from 38% to 59% by acquiring an additional 21.3% shareholding held by Tiso Blackstar Group SE. Upon the implementation of the transaction, KC will control KTH.

**Rationale**

*Primary acquiring firm*

- [10] KTH is perceived to be a growth platform with attractive assets and the ability to raise capital. Thus, the transaction allows KTH to create significant value for KC as a black investment company.

*Primary target firm*

- [11] The seller noted its intention to focus on media and related industries. This shift in focus meant that the seller will dispose of all non-core assets which included KTH in the short to medium term.

### **Impact on competition**


- [12] The Commission considered the activities of the merging parties and found that there was no overlap in the activities of the merging parties. The transaction does not change the structure of any market as there will be no accretion in market shares.
- [13] The Commission was therefore of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

### **Public interest**

- [14] The merging parties submitted that the proposed transaction will have no adverse effect on employment.<sup>1</sup>
- [15] The Commission was of the view that the proposed transaction is unlikely to raise concerns on any other public interest grounds.

### **Conclusion**

- [16] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Accordingly, we approve the proposed transaction unconditionally.

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**Mr Norman Manoim**

13 February 2017  
DATE

**Mr Enver Daniels and Ms Andiswa Ndoni concurring**

Case Manager: Kameel Pancham  
For the merging parties: Chris Charter of Cliffe Dekker Hofmeyr Inc.  
For the Commission: Zintle Siyo

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<sup>1</sup> *Inter alia* Commission's Recommendation page 11.