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**10 March 2016**

**Merger of two manufacturer and supplier of roof tiles approved with conditions**

The Competition Tribunal has approved the small merger between Monier Coverland (South Africa) and Technicrete Polokwane Tile Plant subject to conditions intended to ensure it does not impact negatively on competitors or consumers.

The Commission initially prohibited the merger that would see Monier would acquire sole control over Technicrete, which included all the property, plant, equipment and vehicles. It has since agreed to conditional approval due to new developments and new data that the Commission received post its recommendation.

The Commission and the merging parties agreed on the conditions and brought them to the Tribunal to make it an order of the Tribunal.

The Commission initially found that Monier and Technicrete were the largest competitors in the manufacture and supply of concrete roof tiles in the greater Polokwane region. The remaining competitors were seen as significantly smaller and unlikely to provide opposition to the merged entity. Commission was also concerned that the merger would remove an effective competitor, given that Technicrete was market leader in the relevant market before Monier’s entry.

Technicrete is ultimately owned by Infrastructure Specialist Group Proprietary Ltd, while Monier is a wholly owned subsidiary of Financiere Roofing South Africa.

Barriers of entry are dependent on scale of operation and Monier and Technicrete are the largest operators. They felt the merger could undermine price competition and the bargaining power of customers.

In order to address the concerns surrounding the potential loss of the closest competitor conditions were set in place to protect both competition and consumer interests that emerged during the investigation.

Monier will be required to invest a specified amount in Technicrete Polokwane Tile Plant over a period outlined in the agreement, and will be required to provide data to the Commission of Technicrete performance with regard to sales in Limpopo of a specified product.

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The Commission has prohibited a merger whereby Monier sought to acquire the assets and business of Technicrete from Technicrete ISG (Pty) Ltd. Post-merger, Monier would acquire sole control over Technicrete. The Commission found that Monier and Technicrete are the largest competitors in the manufacture and supply of concrete roof tiles in the greater Polokwane region. The merging parties’ competitors are significantly small and are unlikely to be able to effectively constrain the merged entity. Thus, the Commission has concluded that this merger will likely result in the removal of an effective competitor, especially considering that Technicrete was the market leader before Monier’s entry into the market. The Commission is also concerned that post-merger, the merged entity will have the ability to control prices of concrete roof tiles to the detriment of consumers.