



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 75/LM/Jul12
015396

In the matter between:

OEP East Balt Holdings LLC

Acquiring firm

And

East Balt Inc

Target Firm

Panel	:	Norman Manoim (Presiding Member) Yasmin Carrim (Tribunal Member) Andreas Wessels (Tribunal Member)
Heard on	:	07 August 2012
Order issued on	:	07 August 2012
Reasons issued on	:	28 August 2012

Reasons for Decision

Unconditional approval

[1] On 07 August 2012 the Competition Tribunal ("**Tribunal**") approved the merger between OEP East Balt Holdings LLC and East Balt Inc. The reasons for approving the proposed transaction follow below.

Parties to the transaction

[2] The primary acquiring firm is OEP East Balt Holdings LLC ("**OEP East Balt**"), a special purpose vehicle specifically created to acquire the assets and subsidiaries of East Balt Inc. OEP East Balt is controlled by One Equity Partners ("**OEP**"), which is a private equity division of JPMorgan Chase & Co. The South African entities controlled by JPMC are predominantly involved in investment banking. Some of OEP's portfolio companies' involvement in South Africa include the markets

for the production of aluminium products, manufacturing of breakfast cereals and cereal bars, providing labels and packaging, disposable plastic packaging, products for wound care and online corporate travel management services.

[3] The primary target firm is East Balt Inc. ("**East Balt**"), a company incorporated in terms of the law of the United States of America. It is controlled by K.F. Trust No. 1. East Balt is a global commercial bakery, producing various baked goods, including buns, bagels, English muffins, pies, tortillas and biscuits for "quick service" restaurants like McDonald's. East Balt does not have retail sales but does have "quick service" customers other than McDonald's in certain markets. Their goods are either sold fresh or pre-packaged.

[4] OEP East Balt has a 50% direct interest in an unincorporated South African partnership, namely East Balt South Africa ("**East Balt SA**") and as such, notification thereof is required in South Africa. One of OEP East Balt's subsidiaries, namely East Balt Africa LLC, has a 50% interest in this partnership and FODOHA (Pty) Ltd holds the other 50% interest, which it recently acquired from Astral Foods Ltd. East Balt SA also bakes and sells hamburger buns, English muffins and bread rolls which are supplied to companies including Albany, Chicken Licken, McDonald's and KFC outlets in South Africa.

Proposed transaction

[5] The proposed transaction represents a global transaction, in terms of which OEP East Balt will acquire all the subsidiaries of East Balt and the K.F. Trust No. 1.

[6] Upon implementation of the transaction, OEP East Balt will own and control all assets and subsidiaries of East Balt.

Rationale for the transaction

- [7] OEP East Balt sees this transaction as an investment opportunity, whilst presenting an opportunity for the family who founded East Balt to realise their investment.

Relevant markets and impact on competition

- [8] This transaction will not raise any competition concerns in South Africa as there is neither a horizontal nor a vertical overlap between any of the activities of the merging parties. This is due to the fact that the acquiring firm is in no way involved in the business of baking and selling baked goods which are supplied to South Africa.

Public interest

- [9] The merging parties confirmed that there will be no adverse effect on employment as a result of the proposed transaction, as OEP East Balt does not have any employees in South Africa¹. No other public interest issues arise as a result of this transaction.

CONCLUSION

- [10] Having regard to the facts above, we find that the proposed merger is unlikely to substantially lessen or prevent competition in any relevant markets in South Africa. Furthermore, the proposed transaction raises no adverse public interest concerns. Accordingly, we approve the proposed merger unconditionally.


NORMAN MANOIR

28 August 2012
DATE

Yasmin Carrim and Andreas Wessels concurring.

Tribunal Researcher: Nicola Ilgner
For the merging parties: Webber Wentzel for the Acquiring Firm
Cliffe Dekker Hofmeyer for the Target Firm
For the Commission: Zanele Hadebe

¹ See page 44 of the record.