



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM072Jul15

In the matter between:

ROCKWOOD FUND I

Acquiring Firm

And

ENVIROSERV HOLDINGS (PTY) LTD

Target Firms

Panel	: Yasmin Carrim (Presiding Member)
	: Mondo Mazwai (Tribunal Member)
	: Medi Mokuena (Tribunal Member)
Heard on	: 23 September 2015
Order Issued on	: 23 September 2015
Reasons Issued on	: 8 October 2015

Reasons for Decision

Approval

- [1] On 23 September 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Rockwood Fund I ("Rockwood") and Enviroserv Holdings (Pty) Ltd ("Enviroserv").
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction and their Activities

Primary acquiring firm

- [3] The primary acquiring firm is Rockwood, an *en commandite* partnership registered in accordance with the laws of the Republic of South Africa. It is controlled by Rockwood Fund I GP ("the GP Partner") which is in turn controlled by Equity Investment Trust and Rockwood Fund I GP (Pty) Ltd ("the investment Partner"). Rockwood controls a number of firms including Enviroserv (40%) which is the target firm in the proposed transaction.
- [4] Rockwood is a private equity fund that focuses on taking substantial equity positions in medium to large sized companies with experienced management teams.

Primary target firm

- [5] The primary target firm is Enviroserv, a firm incorporated in accordance with the company laws of the Republic of South Africa. It is jointly controlled by Rockwood and the McLean Family Trust. It controls Enviroserv Waste Management Ltd ("EWM") and Enviroserv Africa Holdings Ltd ("Enviroserv Africa").
- [6] Enviroserv conducts its business through the following three divisions at its operational subsidiary EWM:
- Solid waste division¹;
 - Waste beneficiation division²; and
 - International division.³

¹ This division involves the analysis, treatment, transport and disposal of industrial waste, operating hazardous and general waste landfills. It further includes healthcare risk waste incineration, specialised industrial cleaning, 24 hour emergency spill response, absorbent product sales and the distribution and construction, operation and maintenance of mine tailings disposal facilities.

² This includes mineral beneficiation and recovery from waste in the metallurgical and carbon industries, converting waste to green energy, developing beneficiation process technologies. The waste beneficiation division is further involved in slag handling mill services, material recovery and processing services and on site waste management.

³ The international division performs waste management services across Africa.

Proposed transaction and rationale:

- [7] In terms of the proposed transaction, Rockwood will increase its ordinary shareholding in Enviroserv from 40% to more than 50%. Post-merger, Enviroserv will be controlled by Rockwood.
- [8] The merging parties submit that Rockwood is willing to provide Enviroserv with the additional funding it requires for its operations in exchange for additional share capital.

Impact on Competition:

- [9] The Competition Commission ("Commission") considered the activities of the merging parties to determine whether there were any overlaps between them. As stated above, Rockwood is a private equity fund which focuses on substantial equity positions in medium to large sized companies with experienced management team whilst Enviroserv provides waste management services.
- [10] The Commission accordingly concluded that except for Rockwood's existing interest in Enviroserv, there is no horizontal overlap in the merging parties' activities as the acquiring firm does not hold any interest in the market for waste management.

Public interest:

- [11] In relation to employment, the merging parties submitted that EWM is already engaged in a retrenchment process which will result in further retrenchments in the future. The Commission considered this aspect and found that the retrenchments are a result of the new waste classification and management regulations introduced by the Department of Environmental Affairs. Thus, the Commission was satisfied that the retrenchments are not merger specific but rather operational in nature.
- [12] The proposed transaction did not raise any other public interest concerns.

Conclusion:

- [13] In light of the above, we agree with the Commission's analysis and conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market. In addition, no public interest issues arise from the proposed transaction.



Yasmin Carrim

08 October 2015
DATE

Mondo Mazwai and Medi Mokuena concurring

Tribunal Researcher: Ammara Cachalia

For the merging parties: Graeme Wickins, Werksmans Attorneys

For the Commission: Rakgole Mokolo