

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM134Oct16 In the matter between: **EOH HOLDINGS LIMITED Primary Acquiring Firm** and **Primary Target Firm** MARS HOLDINGS PROPRIETARY LIMITED : Norman Manoim (Presiding Member) Panel : Medi Mokuena (Tribunal Member) : Andreas Wessels (Tribunal Member) : 30 November 2016 Heard on Order Issued on : 30 November 2016 : 15 December 2016 Reasons Issued on **Reasons for Decision**

Approval

- [1] On 30 November 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between EOH Holdings Limited and Mars 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 EOH Holdings Limited ("EOH Holdings") a company incorporated in accordance with the laws of the Republic of South Africa¹.
- [4] EOH Holdings and its subsidiaries will collectively be referred to as the "Acquiring Group".

Primary target firm

- [5] The primary target firm is Mars Holdings (Pty) Ltd ("Mars"), a company incorporated in accordance with the laws of South Africa. Mars is jointly owned controlled in equal share by Mark Chewins and Ametjie Rist.
- [6] Mars and its subsidiaries will collectively be referred to as the "Target Group2".

Proposed transaction and rationale

- [7] The Acquiring Group intends to acquire 100% of the issued share capital of the Target Group. On completion of the transaction, the Acquiring Group will control the Target Group.
- [8] The Target Group submits that the proposed transaction will help it recoup its investment through receipt of cash and shares in the Acquiring Group. The proposed transaction will also provide the Target Group and its employees with better growth opportunities as a result of access to the Acquiring Group's customer base and the shared services and resources of a larger listed group.

Impact on competition

[9] The Acquiring Group is an investment and management company which provides consulting, technology and outsourcing services. It engages in developing business and IT strategies, supply and implementing solutions and managing enterprise-wide business systems and processes for medium to a larger clients. The Acquiring Group provides services and products in three major areas, namely, consulting, technology (software and infrastructure) and outsourcing.

¹ EOH Holdings is a company listed on the Johannesburg Stock Exchange ("JSE").

² Mars wholly-owns Syntell (Pty) Ltd ("Syntell"), which in turn controls the following, Mikros Traffic Monitoring (Pty) Ltd, Mikros Traffic Monitoring (KZN) (Pty) Ltd, Mikros System (Pty) Ltd, Syntell Southern Cape (Pty) Ltd, Syntell System (Pty) Ltd, System Namibia (Pty) Ltd, Syntell Ghana (Pty) Ltd.

[10] The Target Group is active in the provision of services and solutions used in traffic regulation and enforcement. The Target Group operates through three business divisions namely Road Safety, Traffic Management and Revenue Collections.

[11] The Commission considered the activities of the merging parties and found that both parties are active in the broader information technology market. However, the Acquiring Group is active in the provision of information technology services which include: network solutions, hosting services, server support services, desktop support services, telephone service and procurement services. Whereas the Target Group is active in the provision of services and solutions used in traffic regulation and enforcement and provides automated online interaction and revenue collection system and prepaid vending system used by municipalities and utilities. Therefore the Commission concluded that there was no overlap between the activities of the merging parties and therefore that the proposed transaction is unlikely to substantially prevent or lessen competition within the relevant market.

[12] We concur with the Commission's conclusion

Public interest

[13] The merging parties confirmed that the proposed transaction will have no negative effect on employment.

[14] The proposed transaction further raises no other public interest concerns.

Conclusion

[15] In light of the above, we conclude 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 approve the proposed transaction unconditionally.

Mr. Norman Manoim

15 December 2016 DATE

Ms Medi Mokuena and Mr Andreas Wessels concurring

Tribunal Researcher:

Busisiwe Masina

For the merging parties:

Lee Christie of EOH Holdings Limited

For the Commission:

Nolubabalo Myoli