



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM062May18

In the matter between:

Main Street 1603 (Pty) Ltd

Primary Acquiring Firm

And

Tessara (Pty) Ltd

Primary Target Firm

Panel	: Andreas Wessels (Presiding Member)
	: Enver Daniels (Tribunal Member)
	: Prof Fiona Tregenna (Tribunal Member)
Heard on	: 4 July 2018
Order Issued on	: 4 July 2018
Reasons Issued on	: 30 July 2018

REASONS FOR DECISION

Approval

- [1] On 4 July 2018, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving Main Street 1603 (Pty) Ltd ("Main Street") and Tessara (Pty) Ltd ("Tessara").
- [2] The reasons for approving the proposed transaction follow.

Parties to the proposed transaction and their activities

Primary Acquiring Firm

- [3] The primary acquiring firm is Main Street, a special purpose vehicle established for the purposes of the proposed transaction. Main Street is wholly owned and controlled by First Carlyle Growth V ("Carlyle"). Carlyle is in turn owned by Carlyle Sub-Saharan Africa Fund Limited ("CSSAF"), a Mauritian company managed by its managing member CSSAF Managing Partnership L.P., a Cayman Islands limited partnership. CSSAF Managing Partnership L.P. is indirectly wholly-controlled by The Carlyle Group L.P. ("The Carlyle Group"), a Delaware limited partnership that is listed on the NASDAQ stock exchange. The Carlyle Group is not controlled by any single entity or individual.
- [4] The Carlyle Group is a global alternative asset manager which manages funds that invest globally.

Primary Target Firm

- [5] The primary target firm is Tessara, a private company incorporated under the laws of South Africa. The current shareholders of Tessara are: RMB Ventures Six (Pty) Ltd; Rampan Capital Limited; Pan-African Private Equity Fund 1 (Pty) Ltd; The Tommy Edward Rogers Trust; and Management. Tessara controls Tessara Properties (Pty) Ltd.
- [6] Tessara is involved in the manufacture and distribution of packaging material for grapes and flowers. Tessara, more specifically, manufactures and supplies laminated SO² generator sheeting to protect table grapes from post-harvest decay and prevent fungal infections during transportation and storage, particularly for the long-haul export of grapes from South Africa (and other grape producing countries) to international markets.

Proposed transaction

- [7] The proposed transaction will be effected by way of a number of steps. Ultimately, Main Street intends to acquire the entire issued share capital of Tessara. Post-merger, Main Street will therefore exercise sole control over Tessara.

Impact on competition

- [8] The Competition Commission ("Commission") found that the proposed transaction does not result in a horizontal overlap between the merging parties' activities in South Africa. This is because The Carlyle Group is not active in the manufacture and supply of treated packaging material used in the fresh produce industry. The Commission therefore concluded that the proposed transaction is unlikely to lead to a substantial prevention or lessening of competition in any relevant market. We concur with the Commission's conclusion.

Public interest

- [9] The Tribunal raised a number of employment-related issues with the Commission and the merging parties, including engagement between the merging parties and the relevant trade unions, specifically the Motor Transport Workers Union of South Africa ("MTWU"), to which both the Commission and representatives of the merging parties responded.¹ We were satisfied with the explanations provided.
- [10] The merging parties in their merging filing and again at the hearing confirmed that the proposed transaction will not have any adverse effect on employment.² Based on this submission, we have approved the proposed transaction unconditionally.

¹ Transcript, pages 11 to 24.

² Merger Record, pages 10 and 46. Transcript, *inter alia* pages 17 and 18.

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

Conclusion

[12] 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 are expected to arise from the proposed transaction. On the basis of the merging parties' submissions that the proposed transaction will not result in any retrenchments or job losses in South Africa, we have approved the proposed transaction unconditionally.



Mr Andreas Wessels

30 July 2018

Date

Mr Enver Daniels and Prof. Fiona Tregenna concurring

Tribunal Case Manager : Kgothatso Kgobe

For the Merging Parties : S van der Meulen and S Manley of Webber
Wentzel

For the Commission : R Ncheche and T Mahlangu