



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM070Jul24

In the matter between:

MORECENTRAL PROPRIETARY LIMITED

Acquiring Firm

and

SAIL GROUP PROPRIETARY LIMITED

Target Firm

Panel: : Prof. Liberty Mncube (Presiding Member)
: Prof. Imraan Valodia (Tribunal Member)
: Ms. Andiswa Ndoni (Tribunal Member)

Heard on : 14 August 2024
Order issued on : 14 August 2024
Reasons issued on : 22 August 2024

REASONS FOR DECISION

Approval

[1] On 14 August 2024, the Competition Tribunal unconditionally approved a large merger in whereby Morecentral Proprietary Limited (“Morecentral”) intends to acquire sole control of Sail Group Proprietary Limited (“Sail Group”). At present, Morecentral currently holds ██████████ in Sail Group. Post-merger, Morecentral will increase its shareholding in Sail Group ██████████

Parties to the transaction and their activities

Primary Acquiring firm

- [2] The primary acquiring firm is Morecentral. Morecentral is ultimately controlled by Old Mutual Limited (“Old Mutual”), a public company listed on the Johannesburg Stock Exchange.
- [3] Morecentral, all the firms controlling it, and all the firms controlled by those firms, shall collectively be referred to as the “Acquiring Group”.
- [4] The Acquiring Group is primarily active in the following activities:
- 4.1. Golfing: Morecentral offers expert golf advice and lessons and retails golf apparel and equipment through its various brands. In addition to this, the Acquiring Firm runs The World of Golf and Golf Villages theme parks, which are open to golfing customers.
- 4.2. Cycling: Morecentral is a seller of a range of cycling equipment and accessories. In addition, Morecentral has specialty-format stores that give cyclists of all skill levels access to the guidance and equipment they need.
- 4.3. Booking platforms: Morecentral uses booking platforms to allow customers to book an offered service related to golf, cycling, sports-related travel or holidays while also offering advertisers a platform on which to market their products and services on their booking platform.

The primary Target firm

- [5] The Primary Target firm is Sail Group. At present, Sail Group¹ is jointly controlled by Morecentral and Global Capital Proprietary Limited.
- [6] Sail Group is active within the sports and entertainment industry. It is active in the following activities:
- 6.1. Sports and events rights management: The Target Firm secures corporate brand sponsorships for (i) sporting teams and (ii) events. In addition, the

¹ Sail Group holds shareholding in various firms.

Target Firm also procures (i) naming rights and (ii) events and sports pouring rights.

6.2. Sports and events hospitality and suite management: Sail Group sells hospitality suite packages and leases out stadium suites to entities with a focus on major sporting events.² The services provided by Sail Group include management of invitees; suite procurement; catering and bar activation; personalised staffing in respect of suites; transfer to and from the stadium and gifting.

6.3. Sports and events management consulting: The consulting services include sports facilities and events commercialization; corporate client planning and strategy services; sponsorship property evaluations and sport and event investment recommendations.

6.4. Merchandise and licensing services. Sail Group negotiates and sources the licensing of brands such as Vodacom Blue Bulls and markets and distributes merchandise. The merchandising services also include personalised corporate gifting.

6.5. Digital LED Pitch perimeter and Mobile Advertising: These services include in-stadium and at events fixed and mobile-LED advertising. This encompasses the leasing of advertising space in golf courses, soccer and rugby stadiums, horse racing courses and corporate events. Sail Group also provides digital design and artwork services.

6.6. Project management services: The project management services provided by the Sail Group are focused on corporate and lifestyle events such as corporate golf events, professional golf tournaments and corporate and lifestyle events.

Proposed transaction and rationale

[7] In terms of the proposed transaction, [REDACTED]
[REDACTED] At present, Morecentral currently holds [REDACTED] n Sail Group.

² Examples of these are international rugby matches and local rugby matches (i.e. the Currie Cup) as well as international and local soccer matches.

Post-merger, Morecentral will increase its shareholding in Sail Group [REDACTED]
[REDACTED]

[8] In terms of the rationale, the Acquiring Group states that the proposed merger will allow them to increase their existing shareholding in Sail Group [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[9] The sellers in the proposed merger submit that [REDACTED]
[REDACTED]
[REDACTED]

Competition Assessment

[10] The Commission considered the activities of the merging parties and found that the proposed transaction will not result in any horizontal or vertical overlap because the merging parties do not offer the same services, nor have they offered services to each other pre-merger.

[11] Third parties raised no concerns about this aspect of the proposed transaction.

[12] Based on the information received in the Commission's investigation, we did not identify any competition concerns as a result of the transaction.

Conclusion on the competition assessment

[13] In light of the above, we do not believe that the proposed transaction is likely to result in a substantial lessening of competition.

Public Interest

Effect on employment

[14] The merging parties provided an unequivocal undertaking that the proposed transaction will not have any negative effects on employment.

[15] The Commission contacted the employee representative of the merger parties, who raised no concerns regarding the proposed merger.

[16] In light of the above, the proposed merger is unlikely to raise employment concerns.

Effect on ownership

[17] Morecentral currently has a shareholding by Historically disadvantaged persons (“HDP”) of [REDACTED] Sail Group currently has an HDP shareholding of [REDACTED] this means that post-merger, Sail Group’s HDP shareholding will increase as a result of the proposed transaction.

[18] Accordingly, the proposed transaction will result in an increase in Sail Group’s levels of ownership by HDPs.

Other public interest factors

[19] We received no evidence or submissions that the proposed transaction raises other public interest considerations.

Conclusion on the public interest assessment

[20] No third parties, whether customers or competitors, expressed concerns about this aspect of the proposed merger.

[21] We received no information that suggests that the proposed transaction is not justifiable on public interest grounds.

Conclusion

[22] For the reasons set out above, we approve the proposed transaction without conditions.

Signed by: Liberty Mncube
Signed at: 2024-08-22 11:17:53 +02:00
Reason: Witnessing Liberty Mncube

L-Mncube

Prof. Liberty Mncube

22 August 2024

Date

Prof. Imraan Valodia and Ms. Andiswa Ndoni concurring.

Tribunal case manager : Ofentse Motshudi
For the merging parties : Mark Garden and Duduetsang Mogapi of Webber Wentzel.
For the Commission : Tumiso Loate and Grashum Mutizwa