

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM130Nov25

In the large merger between:

Empact Group (Pty) Ltd

Primary Acquiring Firm

And

Feedem Group (Pty) Ltd

Primary Target Firm

Panel:	I Valodia (Presiding Member) A Ndoni (Tribunal Member) G Budlender (Tribunal Member)
Heard on:	26 January 2026
Order issued on:	26 January 2026
Reasons Issued on:	09 February 2026

REASONS FOR DECISION

Introduction

- [1] On 26 January 2026, the Competition Tribunal (“Tribunal”) conditionally approved the large merger wherein Empact Group (Pty) Ltd (“Empact”) intended to acquire all of the ordinary shares in the issued share capital of Feedem Group (Pty) Ltd (“Feedem”).
- [2] Upon implementation of the proposed merger, Empact will exercise sole control over Feedem.

Parties to the transaction and their activities

Primary acquiring firm

- [3] The primary acquiring firm is Empact; a firm incorporated in South Africa. Empact is wholly owned and controlled by [REDACTED]

██████████ is in turn solely controlled by ██████████
██████████

- [4] ██████████ is controlled by the ██████████ ██████████ and registered in South Africa ██████████ ██████████ do not control any firms.
- [5] ██████████ controls a number of firms in South Africa none of which are relevant for the purposes of assessing the proposed merger except Empact, because the other firms controlled by ██████████ are active in various other industries described in paragraph 8 below.
- [6] Empact has interest in the following firms: (i) KKS Daluxolo Food Services (Pty) Ltd, (ii) UJU ESS Services (Pty) Ltd, (iii) Supercare Services Group (Pty) Ltd and (iv) Supercare Hygiene (Pty) Ltd.
- [7] Empact, ██████████ and all the firms they each control are collectively referred to as the Acquiring Group.
- [8] ██████████, the Acquiring Group provides investment and management services in various sectors including infrastructure, petrochemicals, mining, food services and telecommunications. ██████████ which are active in the marketing and selling of fresh produce, piggeries supplies and the production, marketing, supply and distribution of essential foods products such as white and yellow maize and soya beans.
- [9] Of relevance to the proposed merger are Empact's business activities. Empact provides contract catering services, facilities management services, contract hygiene services, pest control services and contract cleaning services in South Africa. These services are provided to private and public sector clients in the healthcare, education, industrial, retail, commercial and corporate sectors across all South African provinces.

██████████
██████████

Primary target firm

- [10] The primary target firm, Feedem is a company incorporated in South Africa.
- [11] Feedem controls the following firms (i) Versatex Trading 182 (Pty) Ltd and (ii) Focus Pest Control and Hygiene (Pty) Ltd.
- [12] Feedem and all the firms it controls are collectively referred to as the Target Group.
- [13] The Target Group provides contract-based and onsite solutions to clients across various industries such as retirement, lifestyle and care, education, healthcare and corporate as well as commercial industries. These solutions include catering, integrated facilities management services, cleaning services, pest control services and laundry services.

Description of the transaction and rationale

- [14] In terms of the proposed merger, Empact intends to acquire all of the ordinary shares in the issued share capital of Feedem from Extorfor (Pty) Ltd, Brand Building and Marketing (Pty) Ltd, Agile Capital II 9Pty) Ltd, Corvest 4 (Pty) Ltd and Ulman Investco (Pty) Ltd (collectively the “Sellers”).
- [15] Post-merger, Empact will have sole control over Feedem.
- [16] In relation to the rationale, the merger parties submitted that the acquisition of Feedem is aimed at enabling growth in the underlying asset through cost containment and market participant acquisition. From the Seller’s perspective, the proposed merger is aimed at realising their investment as they are of the view that the investment has reached maturity and achieved its key value creation objectives.

Competition assessment

Horizontal assessment

- [17] The Competition Commission (“Commission”) considered the activities of the

merging parties and concluded that the proposed merger results in horizontal overlaps in the following national markets:

- 17.1. The market for the provision of integrated facilities management services;
- 17.2. The market for the provision of catering services;
- 17.3. The market for the provision of cleaning services;
- 17.4. The market for the provision of hygiene services; and
- 17.5. The market for the provision of pest control services.

[18] The Commission determined the market shares of the merging parties and their competitors based on the revenue data submitted during the merger investigation given that no publicly available information on the total size of the relevant product market was available.

[19] The estimated market shares in each of the above markets are set out below.

[20] ***The market for the provision of integrated facilities management services*** - The Commission found that the Acquiring Group has a market share of approximately [REDACTED] whereas the Target Group has a market share of approximately [REDACTED]. The merged entity would therefore have a combined post-merger market share of [REDACTED].

[21] ***The market for the provision of catering services*** - The Commission found that the Acquiring Group has a market share of approximately [REDACTED] whereas the Target Group has a market share of approximately [REDACTED]. The merged entity would therefore have a combined post-merger market share of [REDACTED]. The Commission received concerns from (i) [REDACTED], (ii) [REDACTED] and (iii) [REDACTED] in respect of this market. The concerns are set out in the coming sections.

[22] ***The market for the provision of cleaning services*** - The Commission found that the Acquiring Group has a market share of approximately [REDACTED] whereas the Target Group has a market share of approximately [REDACTED]. The merged entity would therefore have a combined post-merger market share of [REDACTED].

[23] ***The market for the provision of hygiene services*** - The Commission found that the Acquiring Group has a market share of approximately [REDACTED] whereas the Target Group has a market share of approximately [REDACTED]. The merged entity would therefore have a combined post-merger market share of [REDACTED].

[24] ***The market for the provision of pest control services*** - The Commission found that the Acquiring Group has a market share of approximately [REDACTED] whereas the Target Group has a market share of approximately [REDACTED]. The merged entity would therefore have a combined post-merger market share of [REDACTED].

[25] The Commission contacted the customers and competitors of the merging parties, no concerns were raised with respect to the markets for the provision of (i) integrated facilities management services, (ii) cleaning services, (iii) hygiene services and (iv) pest control.

Vertical assessment

[26] The Commission found that the proposed merger does not raise any vertical overlaps as the merging parties do not operate at different levels of the same value chain.

Third party concerns

[27] During its investigation the Commission received competition concerns from the following parties: [REDACTED] and [REDACTED]. Further public interest concerns were raised by [REDACTED] we deal with this under the relevant section. The competition concerns are briefly set out below.

[REDACTED] concerns

[28] [REDACTED] raised concerns relating to the proposed merged entity's ability to confer substantial buyer power/ market power in the market for the provision of catering services which will enable the merged entity to price its catering services more competitively compared to its competitors.

² A competitor of the merging parties in the market for the provision of facilities management services, catering services, cleaning services and hygiene services in South Africa.

[29] In response to these concerns, the merging parties submitted that the proposed merger will not result in the merged entity having buyer power or market power as the proposed merger will not result in the merged entity becoming dominant in the relevant market. Further that the merged entity will be disciplined by its rivals post-merger as well as the countervailing power of its customers. This response was shared with █████ who was satisfied with the response and subsequently withdrew its concerns. On this basis the Commission considered that no further intervention was required.

█████ *concerns*

[30] █████ indicated that it has a pre-existing contract with Feedem in terms of which it outsources corporate and contract catering services to Feedem for purposes of servicing a particular major client. █████ submitted that the proposed merger would place Feedem under the control of Empact, █████ competitor, and will enable Empact to gain indirect access and influence over █████ major client through Feedem's subcontracting agreement. █████ further submitted that the proposed merger would allow the Acquiring Group to leverage its relationship with the Target Group to foreclose competition by securing preferential access or insights into █████ client requirements.

[31] In response to the concerns raised by █████ with respect to the Feedem subcontract, the merging parties submitted that the Target Group is not party to the main contract between █████ and its major client and that the terms and conditions of that contract are, therefore, unknown to the Target Group. This undermines the concerns that the Acquiring Group will gain access or influence over █████ customers through the proposed merger. The merging parties further submitted that the provision of catering services is only outsourced to the Target Group and that the Target Group will therefore continue to only have access to food related services agreement and no other service lines or the commercial aspects of the subcontract negotiated between █████ and its client. Furthermore, that the proposed merger will not impact or compromise, in any manner, █████ agreement with the Target Group.

³ █████ is a competitor of the merging parties in the market for the provision of, among others, facilities management services and cleaning services.

[32] With respect to the leveraging concerns raised by ██████ the merging parties submitted that Empact is not a significant player in the property management services and that there is no reasonable basis that the merged entity would foreclose competition by securing preferential access or insights. The merging parties further submitted that the merged entity would be disciplined by other market participants post-merger.

[33] In relation to the information exchange concerns raised by ██████ the merging parties submitted that the Acquiring Group does not primarily provide property management services such that it can be ██████ close rival. Further the merging parties indicated that the commercial details of the subcontract between the Target Group and ██████ client are unknown to the Target Group and that it is therefore impossible for the Acquiring Group to have knowledge of such information through the merger.

[34] The merging parties' response was shared with ██████ who informed the Commission that it did not wish further to pursue its concerns. The Commission additionally found that there is no risk of an exchange of ██████ commercially sensitive information as a result of the proposed merger.

[35] Based on the above, we concluded that the proposed merger raised no competition concerns.

Public interest

Employment

[36] The merging parties provided an unequivocal undertaking that the proposed merger will not result in retrenchments.

[37] In its investigation the Commission requested the merging parties to clarify whether the proposed merger would result in duplications and retrenchments given that the merging parties are competitors. The merging parties indicated that the proposed merger will not result in any duplications or retrenchments.

[38] In this regard, the merging parties indicated that the integration between the merging parties is not expected to affect employment at operational level because employment is site specific and is based on contracts with clients. Thus, all client contracts will continue, and all staff employed in the operations of the merging parties will continue as such post-merger.

[39] The Commission further requested the merging parties to indicate the total number of retrenchments effected by the merging parties in the past two years preceding in the merger filing. The merging parties' submissions as well as the Commission's view are set out below.

39.1. The merging parties indicated that Feedem has undertaken retrenchments, however, these retrenchments were not as a result of the proposed merger but are a result of a site or business being lost. In this regard, the merging parties indicated that it is standard practice that when one contract catering provider stops operating at a site, the new caterer employs the staff. In this regard, the merging parties indicated that 73 employees were retrenched in 25 sites. The merging parties indicated that the Acquiring Group retrenched 88 employees due to operational reasons in the past two years preceding the merger filing.

39.2. The Commission reviewed the merging parties' internal documents and found that the retrenchments were due to non-merger specific reasons such as (i) the expiration of contracts, (ii) mutual termination, (iii) a review of the business model and (iv) functional operations by the merging parties. The Commission's investigation did not find any evidence which suggests that the retrenchments were as a result of the proposed merger.

[40] The Commission engaged the registered trade unions and employee representatives representing the merging parties' employees and no employment related concerns were raised.

██████████ concerns

- [41] ██████████ is party to a two-year contract with Feedem for the provision of catering services. As part of this contract, Feedem took over ██████████ employees on the same terms and conditions of employment. ██████████ was concerned about the potential impact of the proposed merger on its employees and sought clarity on whether there would be a smooth transition should the proposed merger result in ██████████ employees being transferred back to ██████████ from Feedem.
- [42] The merging parties submitted that the terms and conditions of the contract between ██████████ and the Target Group will not be affected by the proposed merger. The merging parties further indicated that the employees from the Target Group were transferred in terms of section 197 of the Labour Relations Act 66 of 1995 and that all the rights and obligations of the Target Group in relation to its agreement with ██████████ shall not be changed by the proposed merger. The merging parties indicated that they have no intention to disrupt the operation of any existing contracts or customer relationships post-merger. Furthermore, the merging parties confirmed that the employees transferred from the Target Group shall be protected from merger specific retrenchments by the moratorium condition contained in the proposed conditions.
- [43] Following this, ██████████ confirmed that it had no further submissions given that the proposed merger would not materially change the existing commercial terms of its agreement with Feedem.
- [44] Based on the above, the Commission was of the view that a moratorium on merger specific retrenchments for a period of two years was adequate in the circumstances.
- [45] Based on the above are of the view that the proposed merger is unlikely to have a negative impact on employment.

⁴ An existing customer of Feedem with a two-year contract for the provision of catering services.

Promotion of a greater spread of ownership

[46] The Acquiring Group has a shareholding by historically disadvantaged persons (“HDPs”) of [REDACTED] whereas the Target group has a shareholding by HDPs of [REDACTED].

[47] Based on the above, the Commission found that the proposed merger will promote a greater spread of ownership by HDPs.

[48] We are of the view that the proposed merger raises no substantial issues regarding the promotion of a greater spread of ownership.

[49] No other public interest issues arise.

Conclusion

[50] For the reasons set out above, we are satisfied that the proposed merger is unlikely to substantially prevent or lessen competition in any relevant market and the proposed merger does not raise public interest concerns.

[51] We accordingly approved the proposed merger subject to the conditions set out in **Annexure A** of our Order dated 26 January 2026.

Signed by: Imraan Valodia
Signed at: 2026-02-09 15:50:33 +02:00
Reason: Witnessing Imraan Valodia

Imraan Valodia

Prof. Imraan Valodia
Adv. Geoff Budlender SC and Ms Andiswa Ndoni

09 February 2026

Date

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