



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM162Dec25

Bond UK MidCo 4 Ltd

Primary Acquiring Firm

And

BASF's Coatings division

Primary Target Firm

Panel	:	Imraan Valodia (Presiding Member)
	:	Geoff Budlender (Tribunal Member)
	:	Andiswa Ndoni (Tribunal Member)
Heard on	:	16 February 2026
Order issued on	:	17 February 2026
Reasons Issued on	:	04 March 2026

REASONS FOR DECISION

- [1] On 17 February 2026, the Competition Tribunal ("Tribunal") unconditionally approved a large merger wherein Bond UK MidCo 4 Ltd ("Bond UK") intends to acquire the Coatings division of BASF SE ("BASF's Coatings Division").
- [2] On completion of the proposed transaction, Bond UK will solely control BASF's Coatings Division.

The Parties and their activities

Primary acquiring firm

- [3] The primary acquiring firm is Bond UK, a special purpose vehicle (SPV). Bond UK [REDACTED] advised and/or managed by affiliates of The Carlyle Group, Inc., (“Carlyle”). Carlyle is an investment firm listed on the NASDAQ stock exchange, and is thus, not controlled by any firm(s).
- [4] Bond UK does not control any firms. Carlyle controls several portfolio companies with activities in South Africa.
- [5] Bond UK and its controllers are collectively referred to as the “Acquiring Group”.
- [6] The Acquiring Group forms part of an investment firm with assets under management across three business segments, namely (i) Global Private Equity (including corporate private equity and real estate funds); (ii) Global Credit (including liquid credit, illiquid credit, and real assets credit); and (iii) Carlyle AlpInvest (including primary, secondary, and co-investments, commingled funds, and separately managed accounts). As an SPV, Bond UK does not have any business activities.

Primary target firm

- [7] The primary target firm is BASF Coatings, a firm incorporated in terms of the laws of Germany.
- [8] BASF Coatings controls only two firms in South Africa, namely, BASF Coatings Services (Pty) Ltd (“BASF Coatings Services”) and Chemetall (Pty) Ltd (“Chemetall”).

[9] BASF Coatings and the firms it controls are collectively referred to as the “Target Group”.

[10] The Target Group develops, produces and sells automotive Original Equipment Manufacturing (OEM) refinish coatings as well as applied surface treatments for various industries such as automotive OEMs and components manufacturers, coil, aerospace, agricultural and construction equipment, among others. Surface treatments are used along the metal processing value chain, before any actual coating is applied. Their main function is to process, prepare and modify the substrate surface so that it can properly bond with subsequent coating layers. Coatings products, on the other hand, are the layers that are deposited on top of the pre-treated surface to provide both protection and aesthetics. BASF Coatings’ business is organized into three primary global business units namely:

10.1. Surface Treatment (ECT Business), which offers pre-treatment and functional chemistries across diverse industries, *inter alia*, automotive OEMs and components manufacturers, coil, aerospace, agricultural and construction equipment, aluminium finishing and general industry. The ECT Business also develops and supplies (i) industrial coatings, which are applied to the surface of a substrate to improve its surface properties, including appearance, adhesion, wettability, corrosion resistance, wear resistance and scratch resistance; and (ii) sealants;

10.2. Automotive OEM Coatings (ECO Business), which supplies coatings for OEMs in the automotive industry, including a product portfolio of: (i) e-coats (i.e., electrodeposition coating of both the interior and exterior car body surfaces that functions as a base layer for corrosion protection and increased paint efficiency); (ii) primers (i.e., preparation of surfaces i.e., individual colours ranging from basic shades to complex effects); (iv) clearcoats (i.e., layer for final touch

on glossy or matt appearance and protection from harmful outside influence); and

- 10.3. Automotive Refinish Coatings (ECR Business), which focuses on coatings solutions for the automotive refinish market. The ECR Business focuses on vehicle repair and refinishing rather than initial production. The ECR Business provides solutions for exact colour matching for refinishing paint damage, like undercoat and topcoat. Key customers are vehicle repair shops.

Rationale

- [11] According to the Acquiring Group, the proposed transaction represents a financial investment opportunity which will enable the Carlyle Group to benefit from the growth and value of the BASF Coatings business.
- [12] From the Target Group's perspective, the proposed transaction will enable BASF to partly dispose of its interest in BASF Coatings in order to focus on its core businesses, which comprise the Chemicals, Materials, Industrial Solutions and Nutrition & Care segments, which are integrated into BASF's value chains.

Competition assessment

- [13] The Competition Commission ("Commission") considered the activities of the merging parties and found that the proposed transaction does not result in a horizontal overlap.
- [14] There is a vertical relationship between the merging parties, as the Acquiring Group, through one of its portfolio companies, supplies the Target Group with specialty chemicals ("raw materials") used in the manufacturing of several products including surface treatment and coatings products at a global level. Furthermore, the Target Group also supplies the Acquiring Group with surface treatment products.

- [15] In respect specialty chemicals supplied to the Target Group by the Acquiring Group, the Commission's investigation found that the vertical relationship does not extend to South Africa as the Target Group has not purchased any products from the Acquiring Group in the last 3 years and that the merged entity will be constrained by numerous firms upstream, namely: Brenntag South Africa (Pty) Ltd ("Brenntag"), AECI Limited("AECI"), OCP Africa ("OCP"), CIM Chemicals (Pty) Ltd ("CIM Chemicals"), Sasol Limited ("Sasol"), Prakash (Pty) Ltd ("Prakash"), Darchem (Pty) Ltd ("Darchem"), Bleach Petro, Metalchem (Pty) Ltd ("Metalchem"), GSI Chemicals CC ("GSI Chemicals") and Sappi Limited ("Sappi"), among others.
- [16] With regards to customer foreclosure, the Commission found that Upstream suppliers have several customers to supply to, including Synergy Chemicals (Pty) Ltd ("Synergy Chemicals"), Metalchem, Yara Africa Fertilizer (Pty) Ltd ("Yara"), Omnia Group (Pty) Ltd ("Omnia"), Sasol, Valterra Limited("Valterra"), Chryso (Pty)Ltd ("Chryso"), Rigifoam (Pty) Ltd ("Rigifoam"), Mapei South Africa (Pty) Ltd ("Mapei"), Lexxon Adhesives (Pty) Ltd ("Lexxon Adhesives"), Mpact Operations (Pty) Ltd ("Mpact"), and PPG Coatings South Africa (Pty) Ltd, among others.
- [17] In respect of surface treatment products supplied to the Acquiring Group by the Target Group, the Commission's investigation found that that the sales are *de minimis* [REDACTED] In relation to customer foreclosure, the Commission found that the Target Group supplies surface treatment products to [REDACTED] other customers. The Commission further received confirmation from a third party that numerous alternative suppliers are available in the market.
- [18] In light of the above, we find that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Third party views

[19] No third party expressed concerns about the proposed transaction.

Public interest

Effect on employment

[20] The Acquiring Firm does not have any employees in South Africa.

[21] The merging parties submitted that the proposed transaction will not have any negative effect on employment.

[22] The Commission contacted the employee representatives and South African Chemical Workers' Union (SACWU), a trade union representing the employees of the Target Group, and obtained confirmation that no employment concerns were raised in relation to the proposed transaction.

[23] In light of the above, we conclude that the proposed merger is unlikely to raise employment concerns.

Effect on the promotion of a greater spread of ownership

[24] The merging parties do not have any effective shareholding by Historically Disadvantaged Persons ("HDPs").

[25] In light of the above, the Commission requested the merging parties to propose remedies to address the alleged lack of promotion of HDP ownership. In response, the merging parties submitted that the Competition Act 89 of 1998, as amended, ("Act") does not impose a positive obligation on merging parties, in every transaction, to promote a greater spread of ownership. Rather, section 12A(3) of the Act requires the Commission to consider the effect of a merger on each of the factors listed therein. According to the merging parties, this necessitates a holistic assessment, and any remedies imposed must be directed at a specific merger-related harm. They submitted that no such harm arises in the present merger.

- [26] The merging parties further submitted that the merger is in the public interest, as it will result in foreign direct investment, which is expected to support the further growth and development of the Target Group and, ultimately, contribute to job security. They further contended that the imposition of remedies in the context of a foreign-to-foreign transaction with only a tangential nexus to South Africa would be unwarranted.
- [27] Having regard to the merging parties' submissions, the Commission disagreed with the contention that the Act does not impose a positive obligation on merging parties to promote a greater spread of ownership. The Commission further submitted that the merging parties failed to provide any qualitative or quantitative evidence in support of their assertion that the merger would be additive to the public interest. In these circumstances, the Commission considered this submission to be moot.
- [28] Notwithstanding the above, the Commission acknowledged that the Target Group has certain HDP ownership credentials, amounting to 30% HDP ownership, through a Trust structure that will remain in place post-merger. In support of this position, the Commission relied on the Tribunal's decision in *Amandlamanzi Resources (Pty) Ltd v Mylotex (Pty) Ltd (In Business Rescue)*¹, in which section 12A(3)(e) remedies were not imposed, in part, due to the HDP ownership credentials that remained at the target firm post-merger.
- [29] The Commission also engaged with the trustees of the Trust during its investigation. The trustees did not raise any concerns regarding the merger. On the contrary, they expressed support for the transaction and indicated that it may, *inter alia*, enhance the overall financial and strategic positioning of the coatings business, which could indirectly have a positive effect on shareholder value over time. The trustees further submitted that the Trust would indirectly earn income or dividends arising from the transaction, which would be applied

¹ Case no: LM144Jan25.

towards advancing the Trust's objectives (i.e., providing bursaries for HDP women studying towards Chemistry, Science or Engineering degrees).

[30] In light of the above, the Commission concluded that no further intervention is required.

[31] Based on the facts above, the proposed merger is unlikely to have a negative effect on the promotion of a greater spread of ownership.

Conclusion on public interest

[32] In light of the above, we find that the proposed transaction raises no public interest concerns.

Conclusion

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

[34] We therefore approved the proposed transaction without conditions.

Signed by: Imraan Valodia
Signed at: 2026-03-04 11:56:50 +02:00
Reason: Witnessing Imraan Valodia

Imraan Valodia

04 March 2026

Prof. Imraan Valodia

Date

Ms Andiswa Ndoni and Adv Geoff Budlender SC concurring

Tribunal Case Manager: Nomkhosi Mthethwa-Motsa.

For the Merging Parties: Heather Irvine and Lerato Nthathakane of Bowmans Inc.

For the Commission: Kgothatso Kgobe and Zanele Hadebe.