



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 020107

In the matter between:

NUNOREX PROPRIETARY LIMITED

Primary Acquiring Firm

And

SUNSPRAY FOOD INGREDIENTS PROPRIETARY LIMITED

DEPCO PROPRIETARY LIMITED

Primary Target Firms

Panel : Andreas Wessels (Presiding Member)
: Mondo Mazwai (Tribunal Member)
: Imraan Valodia (Tribunal Member)
Heard on : 10 December 2014
Order Issued on : 10 December 2014
Reasons Issued on : 12 December 2014

Reasons for Decision

Approval

- [1] On 10 December 2014, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Nunorex Proprietary Limited ("Newco") and Sunspray Food Ingredients Proprietary Limited ("Sunspray") and Depco Proprietary Limited ("Depco").
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

- [3] The primary acquiring firm is Newco, a firm specifically incorporated for the purpose of the proposed transaction. Newco is controlled by Arpdeen Investments Proprietary Limited ("Arpdeen SPV").
- [4] Arpdeen SPV is a special purpose vehicle incorporated by Shalamuka Capital 2 Proprietary Limited ("Shalamuka") (45.54%), Corvest 5 Proprietary Limited ("Corvest 5") (45.54%) and René Cross (8.92%). Shalamuka and Corvest 5 are each ultimately controlled by FirstRand Limited ("FirstRand"). Newco will therefore ultimately be controlled by FirstRand.
- [5] FirstRand is an integrated financial services group that provides a range of services, including retail banking, corporate banking, private banking, life insurance, health insurance, asset management, employee benefit and short-term insurance.

Primary target firm

- [6] The primary target firms are Sunspray and Depco.
- [7] Sunspray is a food ingredient spray-drying company which manufactures and markets food ingredients specifically specializing in:
- caramel powders;
 - fat powders including ice cream powder and soft serve powders;
 - fruit and vegetable powders;
 - citrus oil powders;
 - cheese powders;
 - meat flavors;
 - honey powder;
 - beetroot powder;
 - egg powders;
 - liquid egg products;
 - liquid caramels; and
 - creamers; milk blends and milk substitutes.

[8] Depco is a property holding company which is wholly owned by Sunspray.

Proposed transaction and rationale

[9] The proposed transaction involves Newco acquiring the business of Sunspray and Sunspray's 100% shareholding in Depco.

[10] Shalamuka and Corvest 5 as investment holding companies whose purpose is to acquire private equity investments consider the acquisition of the target firms as an attractive private equity investment opportunity.

[11] The target firms submitted that the proposed transaction presents an opportunity to improve their B-BEE credentials in order to maintain business relationships with current corporate customers and potentially build new business relationships. Additionally, the proposed transaction will provide a liquidity event for certain shareholders of Sunspray.

Impact on competition

[12] According to the Commission's findings the proposed transaction would not result in a horizontal overlap of the merging parties' activities. As stated above, Newco is a newly incorporated company and as such does not provide any products or services and Newco's ultimate controller, FirstRand, is an integrated financial services group. Furthermore, the merging parties confirmed that none of the acquiring groups' current investments could be considered to be a competitor of the targets firms since none of those investments are in firms that are involved in the manufacture and marketing of food ingredients. As stated above, Sunspray is a food ingredient spray-drying company.

[13] The proposed transaction raises no vertical competition issues.

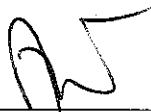
[14] We concur with the Commission's competition assessment, i.e. that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

[15] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.¹ The proposed transaction further raises no other public interest concerns.

Conclusion

[16] 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 transactions. Accordingly we approve the proposed transaction unconditionally.



Andreas Wessels

12 December 2014

DATE

Mondo Mazwai and Imraan Valodia concurring

Tribunal Researcher: Aneesa Ravat
For the merging parties: Chris Charter of Cliffe Dekker Hofmeyer
For the Commission: Nokuphiwa Kunene, Xolela Nokele and Seema Nunkoo

¹ *Inter alia* merger record page 9.