

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 102/LM/Sep08

In the matter between:

Moody Blue Trade and Invest 147 (Pty) Ltd

Acquiring Firm

and

South Africa Roll Company (Pty) Ltd

Target Firm

Panel : D Lewis (Presiding Member), N Manoim (Tribunal Member) and Y Carrim (Tribunal Member)

Heard on : 29 October 2008

Order issued on : 29 October 2008

Reasons issued on : 24 November 2008

Reasons for Decision

Introduction

- [1] On 29 October 2008 the Tribunal approved the merger between Moody Blue Trade and Invest 147 (Pty) Ltd and South Africa Roll Company (Pty) Ltd. The reasons follow below.

The transaction and parties

- [2] Moody Blue Trade 147 (Pty) Ltd ("Moody Blue") intends to acquire South African Roll Company (Pty) Ltd ("SA Roll Company") as a going concern.
- [3] Moody Blue, a special purpose vehicle company, is jointly controlled by BOE, a subsidiary of Nedbank Ltd, and Medu Capital Fund II Partnership, a private equity firm controlled by Medu Holdings. Its remaining shareholder is SARCO Management Trust.
- [4] SA Roll Company is controlled by UEFC Inc ("United Foundries"), a company based in the United States of America which owns three plants, two plants in the United States of America and the primary target firm in South Africa.

Rationale for the transaction

- [5] The shareholders of the acquiring firm regard the transaction as an attractive investment opportunity that will expand their investment portfolio. The shareholders of the target firm are selling the company because they are retiring.

Effect on Competition

- [1] There is no product overlap in the activities of the merging parties. The target firm, SA Roll Company, produces steel rollers used to flatten the steel during the manufacturing process of flat steel products.
- [2] The acquiring company, Moody Blue, is a newly formed company which has not traded before. Its controlling shareholders, BOE and Medu Capital are private equity firms that manage private equity. The firms in which they are invested do not compete in the same product markets than the target firm. Nedbank Group operates within the broader financial services industry.
- [3] The proposed transaction is unlikely to substantially prevent or lessen competition.

PUBLIC INTEREST

- [4] The transaction does not raise any significant public interest concerns.

D Lewis

24 November 2008
Date

N Manoim and M Mokuena concurring.

Tribunal Researcher: R Badenhorst
For the merging parties: Fluxmans Attorneys
For the Commission: M Matsimela