

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 15/LM/Apr03

In the large merger between:

Clidet No. 441 (Pty) Ltd

And

Global Roofing Solutions, a Division of Dorbyl Limited

Reasons for Decision

APPROVAL

On 14 May 2003 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Clidet No. 441 (Pty) Ltd and Global Roofing Solutions, a Division of Dorbyl Limited, in terms of section 16(2)(a). The reasons for the approval of the merger appear below.

The Parties

1. The primary acquiring firm is Clidet No. 441 (Pty) Ltd (“Clidet”), a special purpose vehicle created to house the investment of the management consortium. The consortium comprises senior management of GRS and ABSA Bank Limited through its division, ABSA Corporate and Merchant Bank (“ACMB”), which will control Clidet. ABSA is a financial institution providing all types of financial services, including retail and merchant banking.
2. The primary target firm is Global Roofing Solutions (“GRS”), a wholly-owned subsidiary of Dorbyl Limited. It comprises Brownbuilt Metal Sections (“BMS”) and HH Robertson (“HHR”), businesses engaged in manufacturing a range of roofing products. GRS is a public company, listed on the JSE under the “basic industry’s construction and building

materials list.

The Merger Transaction

3. This transaction is being effected via a management buy-out of Dorbyl's GRS division in terms of which Clidet will post-merger own GRS. Clidet will be held as to 55% by GRS Investment Trust (the beneficiaries of which are the current management of GRS and as to 45% by ABSA Bank (the Clidet consortium).
4. Control will vest in Clidet's Board of Directors, comprising the GRS Investment Trust and ABSA. ABSA will have certain veto rights in the new entity, as security for its investment.

Rationale for the Transaction

5. Dorbyl is disposing of its roofing business, as part of its restructuring, to Clidet, which is acquiring the business as a going concern. ABSA is funding the MBO (debt), at the same time acquiring an equity stake in the transaction (equity) to protect its investment in Clidet and ensure its loans are repaid.

The Relevant Market

6. BMS produces roofing products for commercial and industrial use, under a variety of brand names. These products are increasingly being exported into the African continent and abroad. Domestically, the majority of GRS' products are sold to roofing contractors. GRS' main suppliers are Iscor and Beckers Paints.
7. The GRS parties stated that there were two identifiable markets, namely separate roofing and decking markets.
8. ABSA is primarily engaged in the financial services market and holds no interest or shareholding in other companies operating in similar products of the target firm.

6.				

Impact on competition

9. There is no product overlap since GRS and ABSA operate in different relevant markets. It is therefore not necessary to provide market shares of the key players in the roofing products market.

Conclusion

We conclude that the merger will not lead to a substantial lessening of competition. There are no public interest concerns which would alter this conclusion. The merger is therefore approved unconditionally.

N. Manoim

4 June 2003

Date

Concurring: U. Bhoola, P. Maponya

For the merging parties: Cliffe Dekker Attorneys

For the Competition Commission: H. Shozi, S. Nunkoo