



19 February, 2018

## **Tribunal approves Barnes Southern Palace's acquisition of Scaw from the Industrial Development Corporation (IDC)**

The Competition Tribunal has conditionally approved the transaction, in terms of which Barnes Southern Palace (Pty) Ltd will acquire Scaw South Africa (Pty) Ltd from the Industrial Development Corporation (IDC).

The Barnes Group is active in the manufacturing of wire and wire related products, amongst others. Barnes Southern Palace is a wholly owned and managed black investment holding company with diverse interests in real estate, industrial companies, information technology, metals, mining and construction.

Scaw is a South African based steel maker and currently consists of the following divisions: cast products, grinding media products, wire rod products and rolled products divisions. Scaw beneficiates iron ore and scrap to produce a wide range of steel products used in the mining, rail, power, offshore oil and gas, construction, commercial and other industrial sectors.

In order to address information sharing concerns, the transaction was approved subject to a condition that for as long as the IDC is able to appoint directors to the respective boards of CWI and Scaw, the IDC shall ensure that its representatives on the board of Scaw are not the same persons serving, nominated and/or appointed on any board or management committees or sub-committees of CWI. Further, the nominees appointed by the IDC to the board of Scaw shall not have served on the board of directors and/or management committees or sub-committees of CWI, for a period of one year prior to being nominated to the board of Scaw.

Employment conditions have been put in place as well as conditions which will ensure that the merged entity will supply small steel mills with direct reduced iron which will enable them to produce better quality steel.

The merger was heard by the Tribunal on Friday, 16 February, 2018. The order was issued today, 19 February, 2018.

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