

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

**Case no.:
49/LM/Jun04**

In the large merger between:

Fluxrab Investments no. 90 (Pty) Ltd

and

Metcash Trading Africa Ltd and Metcash Aviation (Pty) Ltd

Reasons

Introduction

On 26 August 2004 the Tribunal approved the merger between Fluxrab Investments No. 90 (Pty) Ltd and Metcash Trading Africa Ltd and Metcash Aviation (Pty) Ltd without conditions. The reasons are set out below.

The transaction

This is a management buy-out in which Fluxrab Investments no 90 (Pty) Ltd ("Fluxrab") is acquiring the entire issued share capital of Metcash Trading Africa Ltd ("Metcash") and Metcash Aviation (Pty) Ltd ("Metcash Aviation") from Metro Cash and Carry Ltd ("Metro"). The transaction excludes Metcash Trading Limited Australia.

The shareholding in Fluxrab, the primary acquiring firm, will be as follows:

?? Management Consortium

35%

?? Nedcor Investments ¹	30%
?? Black Economic Empowerment Consortium (“BEE”) ²	25%
?? Metaf Share Incentive Scheme	10%

The management consortium, Nedcor Investment, and the BEE consortium will jointly control Fluxrab.

The transaction, in its current form, was concluded because Metro’s major shareholders did not believe that listing Metcash on the JSE Securities Exchange South Africa would enhance Metro’s shareholder wealth nor achieve certain objectives such as black economic empowerment and establishing a distinct identity from Metro’s Australian subsidiary.

Effect on Competition

There is no overlap in the activities of the merging parties. Fluxrab is a dormant company, which has never traded.³ Metcash, primarily, has interests in the market for the wholesale and distribution of fast moving consumer foods.

The merger will not result in the removal of a competitor as the transaction involves a management buyout and will accordingly have no effect on competition in the relevant market.

Public interest

The transaction raises no public interest concerns.

D Lewis

13 September 2004
Date

Concurring: N Manoim, T Orleyn

¹ Nedcor investments is controlled by Nedbank Ltd, a subsidiary of Nedcor Limited. Nedcor’s main shareholders are Old Mutual Life Insurance (South Africa) Limited with 33% and Old Mutual (South Africa Limited), with 18% .

² The BEE consortium consists of African Renaissance Holdings Ltd, South African National Taxi Association, Contralesa Investment Holdings (Pty) Ltd, Women Development Bank Investment Holdings (Pty) Ltd and Kumnandi (consortium of black individuals and the National Tourism and Hospitality Association). The different members of the consortium have interests in other firms, none of which are relevant to this transaction.

³ Nedcor Investments, Old Mutual Life Insurance and the African Renaissance consortium do not provide any services that overlap with those of the target firm.

For the merging parties: Fluxmans Attorneys

For the Commission: K Ramathula