

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 59/LM/Oct01

In the large merger between:

Clidet 323 (Pty) Ltd

and

MCG Industries (Pty) Ltd

Reasons for Decision

APPROVAL

On 28 November 2001 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Clidet 323 (Pty) Ltd and MCG Industries (Pty) Ltd without conditions 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 323 (Pty) Ltd (“Clidet”), a special purpose vehicle set up to house the investment of the current management of MCG Industries (Pty) Ltd (“MCG”), RMB Ventures Two (Pty) Ltd (“RMBV2”) and WIP Capital (Pty) Ltd (“WIP”) in MCG. Clidet is therefore the vehicle through which Rand Merchant Bank (“RMB”) and WIP will acquire the business of MCG.
2. RMBV2 is a subsidiary of First RandBank Holdings Limited and ultimately controlled by FirstRand Limited (“FirstRand”). It holds several of FirstRand’s private equity investments. FirstRand’s principal activities are retail and merchant banking, private equity investing, insurance and asset management.
3. WIP is a black empowerment company which provides specialized financial services including corporate finance advisory services, debt products advisory services, derivative structuring, asset management, equity and bond broking, treasury outsourcing and private equity fund management. WIP and RMBV2 each hold 50% in WIP Private Equity (Pty) Ltd (“WIP P/E”). Another WIP subsidiary is WIP Capital One (Pty) Ltd (“WCO”), in which WIP holds 100% of the issued share capital.

4. The Primary Target firm is MCG Industries (Pty) Ltd and Metal Closures Group South Africa Limited (jointly referred to as "MCG"), who carry on business as manufacturers of plastic and aluminium closures and injection moulded crates, containers and chairs ("the MCG business"). MCG is ultimately controlled by Wassall, a large UK conglomerate, and has been so since 1990, when it de-listed MCG from the Johannesburg Stock Exchange.
5. MCG manufactures plastic closures (utilised in the pharmaceutical, soft drinks and mineral water industries); aluminium closures (used for sealing pharmaceutical products, soft drinks, liquor and specific grocery items); crates (designed for different industries, such as, *inter alia*, the wine, soft drink, beer and dairy industries); containers or materials handling (utilized for fruit storage and distribution, agricultural, bread trays, chicken crates); chairs (ranging from heavy-duty chairs to stadium seats).
6. MCG will obviously supply these products to the above industries, its main customers being SA Breweries, Distell, Stellenbosch Vineyards and Coca-Cola bottlers, such as A.B.I.

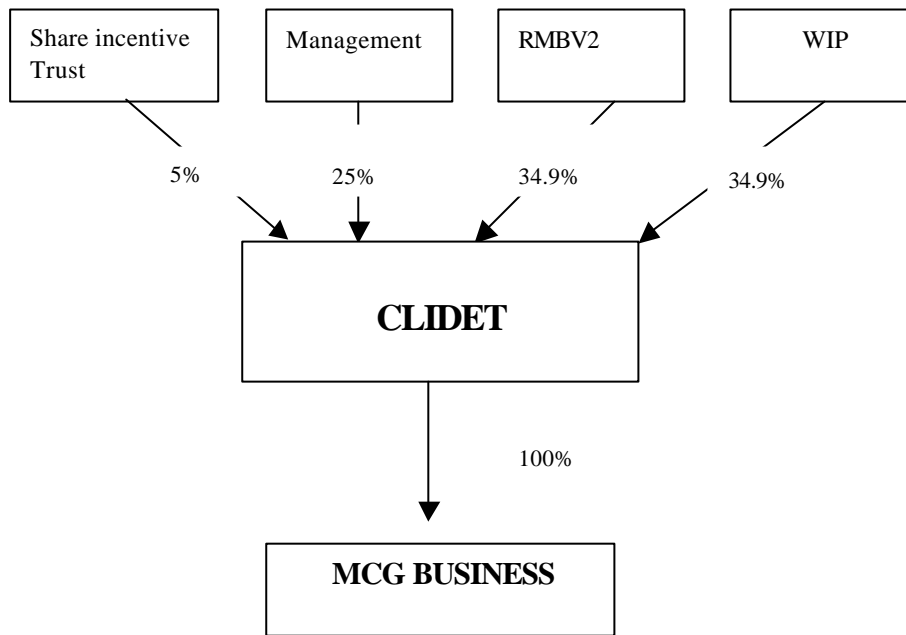
Rationale for the Merger

7. The underlying rationale for the merger is that Zumtobel A.G., an Austrian-based lighting group, acquired Wassall in April 2000. MCG is being sold to Clidet since, as a packaging company, it is a non-core business entity to Zumtobel's lighting business.

The merger transaction

8. This is a private equity investment whereby RMB and WIP are acquiring the business of MCG through Clidet, the special purpose vehicle. This is being effected in two stages:
 - a. MCG will sell its manufacturing business of plastic and aluminium and injection moulded crates, containers and chairs to RMB as a going concern.
 - b. RMB will immediately on-sell the MCG business as a going concern to Clidet 323.
9. The consideration payable in respect of both sales will be identical.
10. Post-merger, the business will be owned and conducted by Clidet 323, who will be owned by management, WIP and FirstRand. RMB will provide banking facilities to MCG which will be priced on an arm's length basis and will oversee the performance of the investment in MCG:

Post Merger Structure



EVALUATING THE MERGER

11. Based on the information supplied to us by the parties, there is no product overlap between the products/services provided by the merging parties. The parties assure that neither WIP nor RMB have any subsidiaries or other private equity investments in any packaging, metal closures or other similar business to that carried out by MCG, nor do they have any holdings in any of MCG's competitors.

Public Interest Considerations

12. The merger will have no negative effect on employment. The parties maintain that positive empowerment opportunities will arise from the merger because WIP is a black economic empowerment company and there are opportunities for such appointments to the board of Clidet. WIP and WIP P/E will collectively be entitled to appoint 5 of the 11 directors to the Board.

CONCLUSION

The Tribunal accordingly endorses the Commission's view that this merger will not substantially lessen or prevent competition in any market and therefore approves it unconditionally.

D.H. Lewis

3 December 2001
Date

Concurring: N. Manoim, P. Maponya