

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 74/LM/Oct 02

In the large merger between:

Medi-Clinic Corporation Limited

and

Curamed Holdings Limited

Reasons for Decision

Approval

On 4 December 2002 we unconditionally approved the merger between Medi-Clinic Corporation Limited (“Medi-Clinic”) and Curamed Holdings Limited (“Curamed”). Our reasons for this decision follow.

The parties

The primary acquiring firm is Medi-Clinic, a listed company whose controlling shareholder is Industrial Partnership Investments Limited, a wholly owned subsidiary of Remgro Limited. To give effect to the transaction Medi-Clinic and three empowerment partners have created a special purpose vehicle, Tshwane Private Hospitals (“Tshwane Hospitals”).

The primary target firm is Curamed, a private company, in which the De Muelenaere Family hold 40% of the shares, while the remaining 60% is held by the supporting doctors, medical aids, stakeholders share incentive trusts and the Von Wielligh Family.

The transaction

Tshwane Hospitals will acquire a majority stake in Curamed, initially through the acquisition of 39.98% and later through an offer to the minority shareholders.

Evaluating the merger

The relevant market

Medi-Clinic controls 36 hospitals, which offer a wide range of general and specialized health care facilities and services. Similarly, Curamed operates 6 hospitals in the Pretoria area.

Relying on the Tribunal's decision in Afrox Healthcare Limited and Amalgamated Hospitals Limited¹ the Commission defined the relevant product market as the market for the provision of private hospital services. Broadly this definition accounts for the provision of both general and specialized health care facilities and services and excludes public hospitals.

In defining the relevant geographic market the Commission based its finding on the local market radius of between 20 and 40km, as deliberated but not determined in the Afrox decision. Since Medi-Clinic does not have a presence within 50-60km's of any of Curamed's hospitals, the Commission concluded that the parties do not compete in the same geographic market.

Nonetheless at the hearing of this matter, the Commission provided us with the approximate market shares of participants in the Gauteng region. According to the Commission's investigation the merged entity will enjoy no more than 16.3% of the market share for the region. Its major competitors in the region are the Afrox and Netcare Groups. In addition 8 independent hospitals are active in this area.

Effect on competition

Based on its delineation of the geographic market the Commission concluded that no competition issues arise from the transaction.

We accept that the merger will not substantially lessen or prevent competition in the market for the provision of private hospital services, on any definition of the geographic market.

Public interest Issues

The transaction will not result in any job losses and there are no other adverse public interest concerns. The Commission considered the empowerment aspect of the transaction in terms of Section 12A(3)(c).

¹ Case no. 53/LM/Sep01. See <http://www.comptrib.co.za/>

Conclusion

Accordingly, we agree with the Commission's recommendation that the transaction be unconditionally approved.

N. Manoim

4 March 2003

Date

Concurring: D. Lewis, U. Bhoola

For the merging parties:	Brink Bonsma & de Bruyn Attorneys
For the Commission:	J. Mokwana, Legal Services Division, Competition Commission