

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 76/LM/Jul07

In the matter between

Calfshelf Investments 160 (Pty) Ltd

Acquiring firm

And

Rib World Two (Pty) Ltd

Target firm

Panel : D Lewis (Presiding Member); N Manoim (Tribunal Member); L
Reyburn (Tribunal Member).

Heard on : 01 August 2007

Decided on : 01 August 2007

Reasons Issued : 05 September 2007

REASONS FOR DECISION

Approval.

[1]. On 01 August 2007 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Calfshelf Investments 160 (Pty)Ltd and Rib World Two (Pty)Ltd unconditionally. The reasons appear below.

Parties.

[2]. The primary acquiring firm is Calfshelf Investment 160 (Pty) Ltd (“Calfshelf Investment”). Calfshelf Investment is controlled by Liberty Star Consumers Holdings (Pty) Ltd (“Libstar”).¹ Libstar is jointly controlled by Royal Bafokeng Libstar (Pty) Ltd (“RBH Libstar”) and Lereko Metier Capital Growth Fund (“LMCGF”)²

¹ For a list of the firms controlling Libstar see page 2 of the Commission’s recommendations

² RBH Libstar does not control any other firms; however it is controlled by RBH Industrial Holdings (Pty) Ltd (“RBH Industrial”). LMCGF is controlled by Lereko Metier Capital Growth Fund Managers (Pty) Ltd (“Lereko Metier”). Lereko Metier is jointly controlled by Lereko Investors (Pty) Ltd (“Lereko”) and Metier Investment Advisory Services (Pty) Ltd (“Metier”).

[3]. The primary target firm is Rib World Two (Pty) Ltd (“Rib World”). Ribworld does not control any firms.³

Transaction

[4]. In terms of the proposed transaction Calfshelf purchased the entire business of Rib World as a going concern

Rationale for the Transaction

[5]. From the acquiring group’s view the transaction provides it with an attractive investment opportunity.

[6]. From the target firm’s perspective the transaction will enable it to achieve a favorable BEE status in accordance with the Codes of Good Practice published under Broad Based Black Economic Empowerment Act 2003. According to the parties the transaction will also permit those of the target firm’s shareholders who wish to exit the means to do so.

Parties’ Activities

[7]. The acquiring group is active in a broad range of activities via its subsidiaries. Through Retailer Brands (Pty) Ltd (“Retailer Brands”) they are involved in the manufacturing and distribution of “dry” food products such as soups, jellies, spices, baking powder, colourants, food essences and corn flour, both under its own brand names or other retail household brands such as Pick n Pay and Checkers. Secondly through Rialto Foods (Pty) Ltd (“Rialto Foods”), they are active in the importation and distribution of high end specialty French, Italian and Spanish foodstuffs. Lastly through Dickon Hall Foods (Pty) Ltd (“Dickon Hall”), the acquiring group manufactures and packages branded “wet” food products of certain brands on an outsourced basis.

[8]. Rib World is active in the manufacturing and distribution of meat products to the food and hospitality industry.

Competition Analysis

³ Rib World is controlled by the following private shareholders: Francisco Balanco 34%; Anita Mirzoevz 21%; Sharon Aaron 18%; Bruce Balanco 15%; and D&K Trust 12%.

[9]. An examination of the proposed transaction by the Commission revealed that there is no overlap in the activities of the merging firms in respect of meat products and grocery products. The Commission therefore concluded that there is no overlap in the market for the manufacture of and distribution of meat products where the target firm is active, as the acquiring group is not active in this market. In its analysis of the proposed transaction the Commission also found that there is no vertical integration in the activities of the merging firms, as the target firm does not buy grocery products in bulk from the acquiring firm and its competitors. We therefore agree with the Commission that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. There are no public interest issues in this merger

Conclusion

[10]. Based on the above the transaction will not result in a substantial lessening or prevention of competition in the identified markets and is accordingly approved unconditionally.

N. Manoim

Tribunal Member

05 September 2007

Date

D Lewis and L Reyburn concurring.

Tribunal Researcher : J Ngobeni

For the merging parties : Malcom Ball (Metier Investment & Advisory Services)

For the Commission : Marlon Dasarath and Makgale Mohlala (Mergers and Acquisitions)