



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM012Apr15

In the matter between:

TSEBO OUTSOURCING GROUP (PTY) LTD

Primary Acquiring Firm

And

**THORBURN SECURITY SOLUTIONS (NORTHERN REGION) (PTY) LTD
THORBURN SECURITY SOLUTIONS (SOUTHERN REGION) (PTY) LTD
THORBURN REMOTE MONITORING (PTY) LTD**

Target Firms

Panel : Andreas Wessels (Presiding Member)
: Prof Fiona Tregenna (Tribunal Member)
: Medi Mokuena (Tribunal Member)
Heard on : 27 May 2015
Order Issued on : 27 May 2015
Reasons Issued on : 05 June 2015

Reasons for Decision

Approval

- [1] On 27 May 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Tsebo Outsourcing Group (Pty) Ltd ("Tsebo Outsourcing") and Thorburn Security Solutions (Northern Region) (Pty) Ltd, Thorburn Security Solutions (Southern Region) (Pty) Ltd and Thorburn Remote Monitoring (Pty) Ltd.
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction and their activities

Primary acquiring firm

- [3] The primary acquiring firm is Tsebo Outsourcing which is controlled by Tsebo Holdings (Pty) Ltd (“Tsebo Holdings”). Except for Tsebo Outsourcing, Tsebo Holdings does not control any firms. Tsebo Holdings is controlled by Rockwood Fund I (“Rockwood”)¹. In addition to Tsebo Holdings, Rockwood controls Safripol Holdings (Pty) Ltd, Bravo Group (Pty) Ltd and Kwikspace Modular Buildings Holdings (Pty) Ltd. Tsebo Outsourcing controls a number of firms.²
- [4] The Tsebo group’s divisions in South Africa include Tsebo Catering Solutions, Tsebo Facilities Solutions, Tsebo Cleaning Solutions, Tsebo Hygiene Solutions, Tsebo Energy Solutions, the Tsebo Foundation and Tsebo Security Solutions. The latter division provides security services to corporate commercial, retail and industrial clients, as well as residential security and protection of individuals in Gauteng.

Primary target firms

- [5] The primary target firms are Thorburn Security Solutions (Northern Region) (Pty) Ltd, Thorburn Security Solutions (Southern Region) (Pty) Ltd and Thorburn Remote Monitoring (Pty) Ltd (collectively referred to hereinafter as the “target firms”).
- [6] The target firms are controlled by Thorburn Holdings (Pty) Ltd (“Thorburn Holdings”). The target firms do not control any firms. They are involved in the provision of security solutions (guarding sector) and the provision of remote monitoring.

Proposed transaction and rationale

- [7] In terms of the proposed transaction, Tsebo Outsourcing will acquire the entire issued share capital held by Thorburn Holdings in the target firms. Post-merger, Tsebo Outsourcing will control the target companies.

¹ Rockwood is an *en commandite* partnership comprised of investors in the form of limited partners and a general partner.

² See merger record for details.

[8] The acquiring group submitted that the proposed transaction is in line with its strategy to expand its service offering in relation to the provision of security solutions.

[9] The shareholders of the target firms wish to realise their investment.

Impact on competition

[10] The Competition Commission ("Commission") found that both the acquiring group and the target firms are active in remote security monitoring services and guarding services (including manned and electronic guarding). The Commission further found that the target firms provide remote monitoring services nationally and provide guarding services throughout South Africa with the exception of the Free State.

[11] The Commission, ultimately, did not conclude on the exact parameters of the relevant product and geographic markets since it did not believe that the proposed transaction raised any competition concerns given the relatively small size of the merged entity in any potential relevant market. The Commission found that the merged entity will be constrained by players such as ROM, Stallion and Myertel in the provision of remote security monitoring services and by players such as Fidelity, G4S and Imvula Security in the provision of guarding services.

[12] None of the third parties contacted by the Commission raised any concerns regarding the proposed transaction.

[13] The Commission thus concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. We concur with this finding.

Public interest

[14] The merging parties confirmed that the proposed transaction will not lead to any negative effects on employment.³

[15] No other public interest concerns arise from the proposed transaction.

³ Merger record, pages 12 and 77.

Conclusion

[16] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly we approve the proposed transaction unconditionally.



Andreas Wessels

05 June 2015

DATE

Prof Fiona Tregenna and Medi Mokuena concurring

Tribunal Researcher: Ammara Cachalia
For the merging parties: Daryl Dingley of Webber Wentzel
For the Commission: Nolubabalo Myoli