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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM167Oct15

In the matter between:

AL NOOR HOSPITALS GROUP PLC	Primary Acquiring Firm
and	
MEDICLINIC INTERNATIONAL LIMITED	Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 27 January 2016
Order Issued on	: 27 January 2016
Reasons Issued on	: 25 February 2016

Reasons for Decision

Approval

[1] On 27 January 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Al Noor Hospitals Group Plc and Mediclinic International Limited.

[2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

[3] The primary acquiring firm is Al Noor Hospitals Group Plc ("Al Noor"), a firm registered in England and Wales with a listing on the London Stock Exchange ("LSE"). Al Noor and the firms under its control ("Acquiring Group") currently have no direct or indirect presence in South Africa.

[4] Al Noor operates three (3) hospitals, seventeen (17) medical centers and clinics, primarily located in Abu Dhabi in the United Arab Emirates ("UAE"), with one (1) further clinic in Muscat, Oman.

Primary target firm

[5] The primary target firm is Mediclinic International Limited ("Mediclinic"), a company incorporated in accordance with the company laws of the Republic of South Africa with a listing on the securities exchange operated by the Johannesburg Securities Exchange Limited ("JSE"). Mediclinic is not controlled, directly or indirectly by any one person or firm.

[6] Mediclinic currently has three operating platforms in Southern Africa (South Africa and Namibia), Switzerland and the United Arab Emirates as well as a minority stake in a United Kingdom listed hospital company. Mediclinic Southern Africa (Pty) Ltd ("MCSA") operates forty nine (49) hospitals throughout South Africa and three (3) in Namibia.

Proposed transaction and rationale

[7] Al Noor and Mediclinic intend to enter into a transaction whereby Al Noor will offer to acquire all the shares in Mediclinic, with the existing Mediclinic shareholders ultimately receiving shares in Al Noor. The transaction step whereby Mediclinic will become a wholly-owned subsidiary of Al Noor will be by way of a scheme of arrangement in terms of section 114 of the Companies Act 71 of 2008 ("Scheme").

[8] Al Noor submits that the transaction will provide opportunities for further growth. Mediclinic submits that the transaction presents the opportunity to demonstrate leadership in the international market.

Impact on competition

[9] The Competition Commission ("Commission") submits that there is a horizontal overlap in the activities of Al Noor and Mediclinic in the product market for the provision of private healthcare services. However, the Commission found that there is no geographical overlap as the Acquiring Group has no direct or indirect presence in South Africa.

[10] The Commission finds that the proposed transactions will not change the structure of the market nationally. It further finds that Mediclinic will continue to compete with private hospitals in South Africa such as Netcare, Life Healthcare, and independent hospitals

[11] The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

[12] At the hearing of the matter the merging parties submitted, in response to queries raised by the Tribunal that the transaction will not result in any changes to the management or the corporate structure of the South African operations. Nor will it impact in any way on BEE requirements. Furthermore, in terms of the transaction, the only anticipated change is that the holding company will now become listed on the LSE.

Public interest

[13] The Primary Acquiring Firm does not employ any employees in South Africa. It is the merging parties' strategic intent for Mediclinic to retain its corporate head offices in South Africa. The proposed merger will not have any detrimental effect on employment and no retrenchments or job losses are anticipated to result from the proposed merger in South Africa.

[14] The proposed transaction further raises no other public interest concerns.

Conclusion

[15] In light of the above, we concluded 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 approved the proposed transaction unconditionally.

Ms Yasmin Carrim

25 February 2016
DATE

Mrs Medi Mokuena and Ms Andiswa Ndoni concurring

Tribunal Researcher:	Kameel Pancham
For the merging parties:	Cliffe Dekker Hofmeyr
For the Commission:	Thelani Luthuli