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SOUTH AFRICA

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM066Jul19

In the matter between

Matador Bidco S.A.R.L — Primary Acquiring Firm

and

Compania Espanola De Petroleos, S.A.U. — Primary Target Firm

Panel	: Enver Daniels (Presiding Member)
	: Yasmin Carrim (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 31 July 2019
Order Issued on	: 31 July 2019
Reasons Issued on	: 28 August 2019

REASONS FOR DECISION

Approval

[1] On 31 July 2019, the Tribunal unconditionally approved a transaction in terms of which Matador Bidco S.A.R.L ("Matador") acquired joint control of Compania Espanola De Petroleos, S.A.U. ("CEPSA").

[2] The reasons for the approval follow.

Parties to the transaction

Primary Acquiring Firm

[3] Matador is a newly established private company incorporated in accordance with the laws of Luxembourg. Matador is indirectly controlled by Carlyle International Energy Partners I, Carlyle International Energy Partners II, Carlyle Europe Partners V, Carlyle and Carlyle and Carlyle Partners VII. Each of the firms that indirectly control Matador are managed by affiliates of the Carlyle Group L.P ("Carlyle"). Carlyle is a publicly traded limited partnership listed on the NASDAQ stock exchange. Matador does not control any firm in South Africa or elsewhere in the world. However the Carlyle Group controls numerous firms in South Africa.[1]

[4] The Carlyle Group invests in numerous industries including transportation, consumer and retail, financial services, energy and power, real estate, infrastructure and healthcare.

Primary Target Firm

[5] CEPSA is a company incorporated in accordance with the laws of Spain. CEPSA has business operations in more than 20 countries worldwide and focuses on the exploration, production, refinement, distribution and marketing of petrochemicals. CEPSA controls several entities including Neotec Capital Riesgo Sociedad De Fondos S.A, CEPSA Finance SAU, Petrocan SA, CEPSA Trading SAU and Tamaca Autocentro SA. CEPSA's South African activities are limited to the supply of crude oil and petrochemical products.[2]

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[1] A list of South African subsidiaries may be found on page 8-10 of the Commission's Recommendation.

[2] Such as Linear Alkylbenzene ("LAB"), Linear Alkylbenzene Sulphonic Acid ("LABSA") and solvents used in the manufacture of detergents and cleaning products.

Proposed transaction and rationale

[6] The proposed merger is an international transaction notified to the Competition Commission ("Commission") by virtue of the merging parties' activities in South Africa. Apart from South Africa, the proposed merger has been notified in the following jurisdictions: Brazil, Chile, China, Colombia, Europe, Morocco, South Korea, Switzerland and Turkey.

[7] In terms of the transaction, Matador will purchase between 30 and 40% of the issued share capital in CEPSA from Mubadala Investment Company PJSC ("Mubadala"). Upon finalisation, Matador will exercise joint control over CEPSA together with Mubadala.

[8] Regarding rationale, Matador submitted that it intends to support the growth and development of CEPSA as a financial (as opposed to strategic) investor. CEPSA submitted that the transaction will create a partnership with an experienced investor that will allow Mubadala to further grow CEPSA's business.

Relevant market and impact on competition

[9] The Commission considered the activities of the merging parties in South Africa and found that the proposed transaction does not result in any horizontal overlap because the Acquiring Firm does not conduct any oil, gas or petrochemical activities in competition with the Target Firm in South Africa. Further, the Commission found that there is no vertical overlap between the merging parties' activities as they do not participate at different levels of the same supply chain.

Public interest

[10] The merging parties submitted that no job losses including retrenchments and redundancies will occur as a result of the proposed transaction. The merging parties further submit that CEPSA currently has no physical presence in South

Africa, and accordingly does not have any employees in South Africa. There are no trade unions representing the employees of Matador. However their employee representative, Mr Nick Reid, did not raise any concerns regarding the proposed transaction.[3]

Conclusion

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

Mr. Enver Daniels

28 August 2019
Date

Ms. Yasmin Carrim and Prof. Imraan Valodia concurring.

Tribunal Case Manager	: Andiswa Nyathi
For the Merging Parties	: Richardt van Rensburg *instructed* by Edward Nathan Sonnenbergs.
For the Commission	: Wiri Gumbie and Zanele Hadebe.

[3] Please see page 1209-1211 of the merger record.