



## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM024May21

**Northam Platinum Holdings Limited** (Primary Acquiring Firm)  
and  
**Northam Platinum Limited** (Primary Target Firm)

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### REASONS FOR DECISION

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- [1] On 2 July 2021, the Competition Tribunal unconditionally approved a large merger between Northam Platinum Holdings Limited (“Northam Holdings”) and Northam Platinum Limited (“Northam”).
- [2] Northam Holdings is a newly incorporated entity, wholly controlled by Northam. The transaction is essentially a restructure within the group to unwind Northam’s existing Black Economic Empowerment (“BEE”) ownership and implement a new BEE structure.<sup>1</sup> Post-merger, Northam will become a subsidiary of Northam Holdings. Northam Holdings will acquire direct control over Northam and will be listed on the Johannesburg Stock Exchange (“JSE”). Northam will be delisted from the JSE.
- [3] Northam is a primary producer of three platinum group metals: platinum, palladium and rhodium as well as gold.<sup>2</sup> Northam’s primary customers are the motor manufacturing, jewellery and other industries.
- [4] Northam is not controlled by any one firm and wholly owns five firms in South Africa. Northam also holds a single “N” share in Zambezi Platinum (RF) (Pty) Ltd (“Zambezi”) as a protective right.
- [5] The Competition Commission (“Commission”) found horizontal overlaps in the global markets for the mining and production of the following four metals, and concluded that the proposed merger does not result in an accretion in market shares, or a change in the structure of the market, as indicated below:

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<sup>1</sup> The transaction is the second component in a composite transaction comprising Components A and B. Component A, accelerates the maturity of the existing BEE ownership transaction for existing HDP shareholders in Zambezi Platinum RF (Pty) Ltd (an entity in which Northam’s BEE interests are held) and unlocks value for these shareholders. Component B entails the implementation of a new vendor-financed BEE ownership structure for Northam, with emphasis on participation by broad-based BEE ownership *inter alia* by employees and communities.

<sup>2</sup> Northam mines these metals from its Zondereinde mine in the Limpopo Province, and its Booyensdal North and South mines in the Mpumalanga Province.

Global markets for the mining and production of:	Accretion	Post-merger market share
Platinum	None	± 6%
Palladium	None	± 3%
Rhodium	None	± 7%
Gold	None	± 0.01%

- [6] In respect of the platinum, palladium and rhodium markets, the Commission found that the merged entity would remain constrained by other big players such as Anglo Platinum, Impala Platinum and Sibanye-Stillwater. In the gold market, the merged entity would remain constrained by other big players such as Goldfields and AngloGold Ashanti.
- [7] The merging parties provided an unequivocal statement that the proposed transaction would have no effect on employment, particularly that it will not result in retrenchments or job losses. The merger also raises no other public interest concerns.
- [8] We note that the proposed transaction promotes a greater spread of ownership by facilitating greater participation in the Northam Group by Northam employees, Northam communities and participants of the HDP SPV. This is because the Commission found that the composite transaction will result in a net increase in the ownership stakes of HDPs in the Northam Group from 31.4% to 32.2%.<sup>3</sup> As no mining rights will be transferred, none of Northam's mine's Social Labour Plans (SLP) will be transferred. The Commission found that the merger will not impact Northam's ability to deliver on its SLP objectives.
- [9] No third party raised any concerns.
- [10] We concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market, or to have a negative impact on the public interest.



**Ms Mondo Mzwai**

**Mr Andreas Wessels and Prof. Imraan Valodia concurring**

**12 July 2021**

**Date**

Tribunal Case Manager:  
For the Merging Parties:  
For the Commission:

P Kumbirai  
R Wilson and L Makhubedu of Webber Wentzel  
Z Siyo and M Aphone

<sup>3</sup> This HDP ownership excludes shareholding by other HDPs already invested in Northam.