



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM143Aug17

In the matter between:

ERPE BIDCO LIMITED

Acquiring Firm

And

BETAFENCE HOLDINGS N.V

Target Firm

| | |
|-------------------|------------------------------------|
| Panel | : Yasmin Carrim (Presiding Member) |
| | : Enver Daniels (Tribunal Member) |
| | : Fiona Tregenna (Tribunal Member) |
| Heard on | : 20 September 2017 |
| Order Issued on | : 20 September 2017 |
| Reasons Issued on | : 12 October 2017 |

Reasons for Decision

Approval

- [1] On 20 September 2017, the Competition Tribunal approved the large merger between Erpe Bidco Limited ("Erpe") and Betafence Holdings NV ("Praesidiad").
- [2] The reasons for the approval follow.

Parties to the transaction and their activities

Primary Acquiring Firm

- [3] The primary acquiring firm is Erpe, a newly established special purpose vehicle which conducts no activities, controls no any firm, and is ultimately owned and controlled by the Carlyle Group ("Carlyle").
- [4] Carlyle is a global alternative asset manager, which manages funds that invest globally across four investment disciplines.¹ It controls a number of entities operating in countries such as Japan, South Korea, France and South Africa, among others.

Primary Target Firm

- [5] The target firm is Praesidiad, a firm incorporated in accordance with the laws of Belgium, which is in turn ultimately controlled by an investment fund, CVC Fund VI, a firm which no one person or entity controls. Praesidiad controls a number of subsidiaries in South Africa.²
- [6] Globally Praesidiad is a provider of force protection solutions, integrated perimeter security systems, industrial mesh, wire products, and fencing products. Its activities can be grouped as: Fencing Solutions, Gates and Security; Industrial Mech, Cable and Wire; and Gabion solutions. In South Africa, Praesidiad's subsidiaries are active only in the Fencing Solutions, Gates and Security segment.³

¹ Corporate Private Equity, Real Assets, Global Market Strategies, and Investment Solutions.

² Betafence Holdings South Africa (Pty) Ltd, Betafence Engineered Solutions and Technology (Pty) Ltd, Betafence South Africa (Pty) Ltd, PLC Steel Pressing, and Betafence PVC Products (Pty) Ltd.

³ This segment provides physical perimeter solutions, access control solutions, perimeter surveillance and detection solutions, and armour, including personal protection equipment.

Proposed transaction and rationale

- [7] The proposed transaction involves Erpe purchasing the entire issued share capital of Praesidiad together with the rights attached to such shares. Post transaction, Erpe will own and control Praesidiad.
- [8] In terms of rationale, Erpe submits that the proposed transaction is an investment diversifying its investment portfolio, which reflects the strategy of the funds managed by the affiliates of the Carlyle group to invest in companies with proven track records and stable prospects for mid-to long term growth.
- [9] Praesidiad submits that the transaction will enable it to grow its position in the high-security solutions industry whilst retaining the core values which made it successful.

Relevant markets and impact on competition

- [10] The Competition Commission ("Commission"), in its report, indicated that Erpe and Carlyle do not conduct any business activities in South Africa, or have any business interests providing products or services, that can be considered substitutable for, or competing with, the products or services provided by Praesidiad in South Africa. There is thus no horizontal overlap in the merging parties' activities and the Commission submitted that the proposed transaction was unlikely to raise any competition law concerns.
- [11] We concur with the Commission's conclusion that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

- [12] The merging parties submitted, which was confirmed by the Commission, that the proposed transaction will not have a negative effect on employment because there will be no retrenchments as a result of the propose transaction.
- [13] The proposed transaction further raised no other public interest concerns.

Conclusion

[14] 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.



Mr Enver Daniels

12 October 2017
Date

**Ms Yasmin Carrim and Prof. Fiona Tregenna
concurring.**

Tribunal Researcher: Alistair Dey-Van Heerden

For the Merging Parties: Heather Irvine of Falcon & Hume Attorneys

For the Commission: Rethabile Ncheche and Lindiwe Khumalo