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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM252Feb19

In the matter between:

Media24 Boeke (Pty) Ltd	Primary Acquiring Firm
and	
Nasou Via Afrika (Pty) Ltd	Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Mondo Mazwai (Tribunal Member)
	: Imraan I. Valodia (Tribunal Member)
Heard on	: 6 March 2019
Order Issued on	: 6 March 2019
Reasons Issued on	: 2 April 2019

Reasons for Decision

Approval

[1] On 6 March 2019, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction between Media24 Boeke (Pty) Ltd ("Media24 Boeke") and Nasou Via Afrika (Pty) Ltd ("Nasou Via Afrika").

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

Parties to proposed transaction and their activities

Primary Acquiring Firm

[3] The primary acquiring firm is Media24 Boeke, a private company incorporated in accordance with the laws of the Republic of South Africa. Media24 Boeke is controlled by Media24 (Pty) Ltd ("Media24"), which is ultimately controlled by Naspers Ltd.

[4] Media24 Boeke owns and controls various entities, including Nasou Via Afrika, Collegium (Pty) Ltd (through Nasou Via Afrika), Ailenroc Benmarking en Opleiding (Pty) Ltd, NB Uitgewers (Pty) Ltd and Via Afrika (Pty) Ltd.

[5] Nasou Via Afrika, as the primary target firm of the current transaction, is relevant for purposes of the proposed merger.

[6] Media24 Boeke, all the firms controlling it and all the firms it controls are, hereafter, referred to as the Acquiring Group.

[7] The Acquiring Group's activities include the provision of internet platforms, pay television, related technologies and print media (including publishing, printing and distribution of magazines, newspapers and books). The Acquiring Group conducts its publishing business through three divisions, namely Media24 News, Media24 Lifestyle and Book Publishing. Relevant for purposes of the proposed transaction are the Acquiring Group's activities in relation to the publishing of books.

Primary Target Firm

[8] The primary target firm is Nasou Via Afrika, a private company incorporated in accordance with the laws of the Republic of South Africa.

[9] Media24 Boeke (the acquiring firm in the proposed transaction) holds a 70% share in Nasou Via Afrika. The remaining 30% is controlled by Biprops 6 (Pty) Ltd ("Biprops"). Biprops is ultimately controlled by the Thebe Investment

Corporation (Pty) Ltd ("TIC"), which is an empowerment investor in Nasou Via Afrika. TIC has a limited veto right over certain aspects of the budget of the target firm.

[10] The target firm, as mentioned above, controls Collegium (Pty) Ltd.

[11] The target firm operates as a subsidiary of the Acquiring Group. Through its two divisions, namely Via Afrika and Van Schaik Publishers, the target firm publishes and supplies a comprehensive range of educational books, published for use in basic and tertiary education and supplied throughout South Africa.

Proposed transaction and rationale

[12] In terms of the Sale of Shares Agreement, Media24 Boeke intends to acquire the remaining 30% of the issued share capital currently held by Biprops. Post-merger, Nasou Via Afrika will become a wholly-owned subsidiary of Media24 Boeke. The transaction therefore entails a shift from joint to sole control.

[13] In terms of the rationale, Media24 Boeke, as a majority shareholder, seeks to exercise its pre-emptive right to acquire TIC's shares in the target firm. An increased economic interest in the target firm is, according to Media24, an attractive investment.

[14] According to TIC, its investment in education, through the target firm, no longer aligns with its investment strategy, it therefore wishes to exit from its investment.

Relevant markets and impact on competition

[15] The Commission considered the activities of the parties to the transaction and found that the proposed transaction resulted in a horizontal overlap as both the Acquiring Group and the target firm are involved in the publication of educational books.

[16] However, the Commission found that the Acquiring Group already exercises joint control over the target firm and is therefore merely increasing its shareholding from 70% to 100%.

[17] Furthermore, the Commission found that the proposed transaction is unlikely to change the market structure as there will be no accretion in market shares.

[18] In light of the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

[19] We note in these reasons that Media24 Boeke, through other subsidiaries, is involved in the publishing and supply of general trade (or consumer) books. These books could not be considered substitutes to the educational books published by Nasou Via Afrika.[1] As a result of this we found no reason to disagree with the Commission's assessment as it appears that Nasou Via Afrika and the other subsidiaries of Media24 Boeke are not direct competitors. Therefore, the move from joint to sole control does not alter the structure of the market.

Public interest analysis

[20] The merging parties submitted that Media24 Boeke has pre-existing control over Nasou Via Afrika, as such the proposed transaction will not result in any negative effect on employment. Specifically, no retrenchments will occur as a result of the proposed transaction.

[21] Furthermore, no employment concerns were raised after the Commission contacted the trade unions and employee representative representing the employees of the respective merging parties.[2]

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[1] Record, page 20.

[2] The employees of the Acquiring Group are represented by the following trade unions: Paper, Printing, Wood and Allied Workers' Union; Media Workers Association of South Africa; Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union; National Union of Metalworkers; Communication Workers Union; National Union of Metalworkers; Communication Workers Union and Solidarity. The employees of the target firm are represented by Lauren Franke.

Conclusion

[22] In light of the above, we concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market and raised no public interest concerns. Accordingly, we approved the proposed transaction unconditionally.

Mr Norman Manoim

2 April 2019

DATE

Ms Mondo Mazwai and Prof. Imraan I. Valodia concurring

Case Manager:	Helena Graham
For the merging parties:	Paul Cleland
For the Commission:	Zandile Speelman, Zanele Hadebe and Wiri Gumbie