



## **MERGER DECISION NO 08: 2023**

### **Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018**

#### **DECISION ON THE PROPOSED ACQUISITION OF 100% OF THE TOTAL ISSUED SHARE IN VECTOR LOGISTICS PROPRIETARY LIMITED BY EMIF II INVESTMENT PROPRIETARY LIMITED**

##### **Introduction of the Merging Parties**

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in relation to the proposed acquisition of 100% of the total issued share in Vector Logistics Proprietary Limited by EMIF II Investment Proprietary Limited ("EMIF II" or "Acquiring Enterprise"). The transaction was notified to the Authority on 30<sup>th</sup> March 2023 and the merger assessment was completed on 2<sup>nd</sup> May 2023.

The Acquiring Enterprise is a newly formed entity, incorporated in accordance with the Laws of the Republic of South Africa. The Acquiring Enterprise does not control any enterprise in Botswana. EMIF II is 100% indirectly owned subsidiary of A.P Møller Capital P/S ("APMC"), a fund management company incorporated in accordance with the Laws of Denmark. For completeness, APMC is an affiliate of A.P Møller Holding A/S ("APMH"), the holding company of the A.P Møller holding group of companies, incorporated in terms of the laws of Denmark.

On the other hand, Vector Logistics is a private company incorporated in accordance with the Laws of the Republic of South Africa. Vector Logistics is wholly owned by RCL Foods Limited ("RCL Foods"), a public company listed on the Johannesburg Stock Exchange Limited ("JSE"). RCL Foods is in turn controlled by Remgro Limited ("Remgro"), a public company also listed on the JSE.

##### **Relevant Markets**

The Acquiring Enterprise is active in Botswana through A.P Møller-Maersk A/S ("APMM"), an integrated transport and logistics company with its core activities being; container liner shipping, container terminal services, inland transportation and logistics services, supply chain management services and harbour towage.

On the other hand, Vector Logistics' principal activity is the provision of integrated cold chain logistics services. Vector Logistics, specifically provides an end-to-end service to domestic/inland business-to-business customers through the transport, storage and distribution of frozen foods and other related items. Vector Logistics only controls one enterprise in Botswana being Senn Foods Logistics (Proprietary) Limited which is engaged in the distribution of chilled, frozen and ambient products.

## **Competitive Analysis and Public Interest**

In the assessment of Substantial Lessening of Competition, the transaction under assessment is not expected to substantially lessen competition due to the fact that the Acquiring Enterprise is a newly established entity in South Africa and its parent company operates in a different market to that of the Target Enterprise. Therefore, the proposed merger is not expected to result in the reduction of the number of players in the market.

The findings of the merger assessment also indicate that the structure of the relevant market will not change post-merger as there is no product overlap. As such, the proposed transaction will not result in a market share accretion of the merged entity or any other entity in Botswana.

In terms of Public Interest, the proposed transaction will not have any adverse effect on levels of employment in Botswana. There will be no change of shareholding in Botswana pursuant to the implementation of the Proposed Transaction, as the change in shareholding occurs in South Africa. The proposed transaction relates to EMIF II Investment Proprietary Limited's acquisition of indirect control of Senn Foods Logistics Proprietary Limited, through the acquisition of 100% of the issued shares in Vector Logistics Proprietary Limited, which is a South African company. As such, the Authority does not foresee any detriment to matters of public interest that will arise as result of the proposed transaction.

## **The Determination**

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not expected to change upon implementation of this transaction. Therefore, the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the service offered in the market under consideration. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act, 2018.

Pursuant to the provision of section 53 of the Act, the Authority has unconditionally approved the proposed acquisition of 100% of the total issued share in Vector Logistics Proprietary Limited by EMIF II Investment Proprietary Limited.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana

Dated at Gaborone on this 2<sup>nd</sup> day of May 2023.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013