



MERGER DECISION NO 05: 2022

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL IN CROC 684 (PTY) LTD t/a BBI AND WIRELESS@HOME BY PARATUS TELECOMMUNICATIONS (PTY) LTD

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act of 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 issued share capital in Croc 684 (Pty) Ltd t/a BBI and Wireless@home ("Croc 684" or "Target Enterprise") by Paratus Telecommunications (Pty) Ltd ("Paratus" or "Acquiring Enterprise"). The transaction was notified to the Authority on 26th January 2022 and the merger assessment was completed on 18th February 2022.

The Acquiring Enterprise, is a limited liability company incorporated in accordance with the Laws of Botswana. It operates in six Southern African countries being: South Africa, Angola, Namibia, Zambia, Mozambique and Botswana and provides services in over 20 further markets via satellite. The shareholders of the Acquiring Enterprise are: Paratus Group Holdings Limited ("Paratus Group"); and The Netcollective (Pty) Ltd ("The Netcollective"). The Paratus Group directly and indirectly controls entities in various countries being: Namibia, Mauritius, Zambia, Angola, Namibia, Mozambique, and South Africa. On the other hand, The Netcollective does not have any operations in the relevant market of Botswana.

The Target Enterprise, Croc 684, is a limited liability company incorporated in accordance with the Laws of Botswana. In Botswana, the Target Enterprise directly and indirectly controls the following active enterprises, which do not fall within the proposed transaction and therefore will not be acquired by the Acquiring Enterprise:

- a) IoT Botswana (Pty) Ltd – This company trades as Sigfox, which is involved in building wireless networks to connect low and power objects such as electricity meters and smart meters, which need to be continuously on and emitting of data;
- b) Croc. K (Pty) Ltd – a Cabling and IT infrastructure and distribution company.

Relevant Markets

In terms of the relevant market, the assessment of the proposed transaction has revealed that the Merging Parties are companies duly incorporated in accordance with the Laws of Botswana. The Acquiring Enterprise provides an independent, protected and diverse network in Botswana, which plays a strategic role in connecting the Southern African region. In Botswana, Paratus is licensed to provide services such as internet, voice Solutions and PBX, Hosted Services, Structured cabling, Software Defined Wide Area Network (SD-WAN), Multiprotocol label switching (MPLS) and Fiber connectivity.

The Target Enterprise is an internet service provider of broadband service and offers internet connections at home and in the corporate world. Specifically, Croc 684 provides fiber connection, wireless connections; satellite connection (internet and Data Service provided over a satellite connection), and Google Apps.

The assessment has revealed that the the assessment has revealed that in a broader view, the merging parties are generally active in the same market being the internet service provider market. However, the effects arising from the broadly defined product overlap are negligible due to the Target Enterprise's minimal market share which is insignificant. Therefore, for purposes of analysing the proposed transaction, and in view of the nature of the products and services offered by the parties to the merger, the relevant market to analyse is defined as that of internet service providers in Botswana.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, The investigation has revealed a product overlap in the activities of the Merging Parties. However, the transaction under assessment is not expected to result in substantial lessening of competition or restrict trade or the provision of services or to endanger the continuity of supplies in the relevant market or in any market in Botswana. There will be insignificant effects in the market as there is a number of internet service provider companies in Botswana that will act as a constraint on the merged entity, post-merger. Thus, the internet service provider market is highly competitive and highly fragmented. There is a high demand from all sectors of the economy in Botswana. Furthermore, the relevant markets are dynamic and subject to constant innovation where numerous internet service providers are introducing new products, and repositioning existing brands to meet changing consumer expectations.

In terms of the Acquisition of a Dominant Position, it is important to note that a dominant position in the context of section 2 of the Competition Act of 2018 refers to a situation in which one or more enterprises possess such economic strength in

a market as to allow the enterprise or enterprises to adjust prices or output without effective constraint from competitors or potential competitors.

Therefore, the approval of the proposed transaction is not expected to result in an acquisition of a dominant position by the merged entity or by any enterprise in the market under consideration or any other market in Botswana. Thus, the implementation of the proposed merger will not result in the Merged Enterprise attaining a 25% market share which is a threshold for dominance.

With regards to Public Interest Considerations, the Authority does not foresee any detriment to matters of public interest that will arise as a result of the transaction under consideration.

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 significantly change upon implementation of the proposed merger as the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in the market of internet service providers in Botswana. 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 that the proposed acquisition of 100% of the issued share capital in Croc 684 (Pty) Ltd t/a BBi and Wireless@home by Paratus Telecommunications (Pty) Ltd.

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 18th day of February 2022.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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