



## MERGER DECISION NO 13: 2023

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

#### **DECISION ON THE ASSESSMENT OF THE PROPOSED DIRECT ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF DANNY'S AUTO BODY PARTS (PTY) LTD; AND THE INDIRECT ACQUISITION OF DANNY'S AUTO PROPERTY HOLDINGS (PTY) LTD BY K2023647843 (SOUTH AFRICA) (PTY) LTD**

#### **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 direct acquisition of the entire issued share capital in Danny's Auto Body Parts (Pty) Ltd ("Danny's Auto") and the indirect acquisition of Danny's Auto Property Holdings (Pty) Ltd ("Danny's Auto Property") by K2023647843 (South Africa) (Pty) Ltd ("SPE BidCo"). The transaction was notified to the Authority on 14<sup>th</sup> April 2023, and the merger assessment was completed on 25<sup>th</sup> May 2023.

The Acquiring Enterprises, SPE BidCo, is a private company registered under the laws of South Africa. SPE BidCo is a special purpose vehicle formed specifically for the purposes of this transaction, and it does not control any enterprise in Botswana. SPE BidCo is controlled by SPE Mid-Market Fund I Partnership, which is in turn, ultimately controlled by Sanlam Limited ("Sanlam"). In Botswana, Sanlam holds shareholding in Botswana Insurance Holdings Limited ("BIHL"), a Botswana registered company. In particular, BIHL has shareholding in Botswana Life Insurance Limited, Botswana Insurance Fund Management Limited and Botswana Insurance Company Limited.

The Target Enterprises, Danny's Auto and Danny's Auto Property, are private companies registered in accordance with the Laws of South Africa. Danny's Auto and Danny's Auto Property do not control any Enterprise in Botswana.

#### **Relevant Markets**

In terms of the relevant markets, the assessment of the Proposed Transaction revealed that there is lack of product overlap in the activities of the Merging Parties, as the Acquirer is a special purpose vehicle newly established for the purpose of the proposed transaction.

However, its parent company Sanlam has business dealings in the insurance market in Botswana. It is worth mentioning that no firm within the Sanlam Group competes with the Target Entities. In particular, no products and/or services supplied by the Sanlam Group in Botswana (or elsewhere) are reasonably interchangeable or substitutable with any of the products sold or services rendered by the Target Enterprise.

On the other hand, the Target Enterprises: Danny's Auto is a wholesaler of aftermarket automotive parts and accessories for various vehicle types in Southern Africa. Danny's Auto exports its products from South Africa to customers in Botswana, and has no physical presence or assets in Botswana.

In particular, Danny's Auto supplies the following Dunlop products in Botswana: brake products, cables, fan belts, filters, gaskets, suspensions, steering and timing kits. Danny's Auto is an official licenced stockist and distributor of Lucas products. In particular, Danny's Auto supplies the following Lucas products in Botswana: alternators, starter motors and wheel bearings. Danny's Auto is also a distributor of FIAMM products in particular car hooters. Danny's Auto supplies the following Imoto Chemicals products in Botswana: cleaning products for brakes, radiators, dashboard, engines and tyres.

Danny's Auto Property owns the property in South Africa on which Danny's Auto conducts its business. Danny's Auto Property does not supply or distribute any products in Botswana.

In light of the above, the Authority does not anticipate the transaction to alter the structure of the relevant market post-merger.

### **Competitive Analysis and Public Interest**

The Authority's assessment did not reveal any substantial lessening of competition concerns that would arise as a result of the Proposed Transaction due to the absence of product overlap in the activities of the Merging Parties in Botswana. Accordingly, the Authority does not anticipate any competition concerns and public interests concerns to arise in the relevant market in Botswana post-merger.

### **The Determination**

The Authority determined through the analysis of the facts of the merger, that the Proposed Transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service, in the relevant market in Botswana. Furthermore, there is no acquisition of market dominance post-merger; nor any negative effect on public interest in Botswana that has been identified in relation to the provisions of the section 52 of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has decided to *unconditionally approve* the proposed direct acquisition of the entire issued share capital in Danny's Auto Body Parts (Pty) Ltd and the indirect acquisition of Danny's Auto Property Holdings (Pty) Ltd by K2023647843 (South Africa) (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 26<sup>th</sup> day of May 2023.

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