



MERGER DECISION NO 51 OF 2023

MERGER DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 49% OF THE ISSUED SHARES IN BELSERVEST FM BOTSWANA (PTY) LTD BY BEANCOUP (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 acquisition of 49% of the issued shares in Belservest FM Botswana (Pty) Ltd ("Belservest" or the "Target Enterprise") by Beancoup (Pty) Ltd ("Beancoup" or the "Acquiring Enterprise"). Following the implementation of the proposed transaction, the Acquiring Enterprise shall exercise sole control over the Target Enterprise. The transaction was notified to the Authority on the 9th November 2023 and the merger assessment was completed on 8th December 2023.

The Acquiring Enterprise, Beancoup is a limited liability company registered in accordance with the Laws of Botswana. The Acquiring Enterprise does not directly or indirectly control any other entity in Botswana except the Target Enterprise.

On the other hand, Target Enterprise is a limited liability company registered in accordance with the Laws of Botswana. It is engaged in the integrated facilities management business. The shareholders of Belservest are Beancoup, which holds 51% shares and Servest Multi Service which holds 49%. Servest Multi Service is directly controlled by Servest (Pty) Ltd ("Servest South Africa"), a South African based company. In Botswana, Servest South Africa directly and indirectly controls Stobech Facilities Management (Pty) Ltd and Camp Management Services (Botswana) (Pty) Ltd. Belservest does not directly or indirectly control any entities in Botswana.

Relevant Markets

The assessment findings reveal that the Acquiring Enterprise is an investment holding company which has been established for purposes of holding shares. Its sole investment is the 51% shares in the Target Enterprise as indicated above. On the other hand, the Target Enterprise primarily operates as a full service integrated facilities management company with a unique corporate advisory and business intelligence service, providing the all-encompassing management of a complete facilities. Further broken down, Belservest mainly provides catering and canteen

services, camp management and facilities management markets. The target's main line of business is being a fully integrated facilities management services

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the investigations have revealed that the Acquiring Enterprise has business interests in the Target Enterprise as a shareholder, with no other business activities in Botswana and is merely increasing its shareholding to acquire sole control, whereas, the Target Enterprise is engaged in integrated facilities management service provision. The Authority therefore does not anticipate the acquisition to result in any substantial lessening of competition post implementation due to the fact that there exists other integrated facilities management service providers in Botswana that will act as a constraint on the Acquiring Enterprise, post-merger.

For the analysis of Acquisition of Dominance, it is important to emphasise that a dominant position in the context of Section 2 of the Competition Act 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.

The implementation of the proposed merger is not expected to result in the acquisition of a dominant position in the relevant market in Botswana. The merger is only expected to contribute to the internal restructuring of the Target Enterprise through the acquisition of the remaining shares in order to exercise sole control by the Acquiring Enterprise and therefore will have an insignificant accretion to its market share. Furthermore, as indicated above in the report, the Merged Enterprise is expected to face strong competition from the existing well-established players in the integrated facilities management sector.

In terms of 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 implementation of the proposed merger would enhance citizen empowerment as the Merged Enterprise will become a wholly owned citizen company post-merger, an initiative fully supported by the Government of Botswana for service providers in the area of facilities management sector through citizen tender reservation.

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 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 decided to unconditionally approve the proposed acquisition of 49% of the issued shares in Belservest FM Botswana (Pty) Ltd by Beancoup (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 8th day of December 2023.

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