



MERGER DECISION NO 23: 2021

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

THE PROPOSED ACQUISITION OF 70% SHARES IN GRS BOTSWANA (PTY) LTD BY K2021511200 (SOUTH AFRICA) (PTY) LTD (“NEWCO”) FROM CONSOLIDATED STEEL INDUSTRIES (PTY) LTD

Introduction of the Merging Parties

- i. 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 respect of the proposed acquisition of 70% shares in GRS Botswana (Pty) Ltd (“GRS Botswana”) by K2021511200 (South Africa) (Pty) Ltd (“NewCo”) from Consolidated Steel Industries (Pty)Ltd. The transaction was notified to the Authority on 28th May 2021 and the merger assessment was completed on 16th June 2021.
- ii. The Primary Acquirer, NewCo, is a company incorporated in accordance with the Laws of the Republic of South Africa. NewCo is an SPV setup specifically to acquire the shares in GRS Botswana, among other things from Consolidated Steel Industries (Pty) Ltd (“CSI”). The sole shareholder of NewCo is Rockwood Private Equity (Pty) Ltd, a South African Private Equity Fund Manager. Currently, NewCo does not trade or provide any products or render any services.
- iii. The Primary Target Enterprise in Botswana is GRS Botswana, incorporated in accordance with the Laws of the Republic of Botswana. GRS Botswana is directly controlled by CSI. Besides its control in the Target Entity, CSI also controls Global Roofing Solutions Zambia Limited in Zambia and Country Roofing (Pty) Ltd in Namibia. The primary target enterprise is involved in the manufacturing of metal roofing and roofing accessories including roofing profiles; steel roofing tiles; decking profiles; and roof sheeting products. Furthermore, GRS Botswana manufactures concealed-fix roofing profiles under the *Brownbuilt* brand and inverted box rib roof sheeting under the *HH Robertson* brand. Though located in Gaborone, GRS Botswana supplies its products throughout the country.

Relevant Markets

- iv. In terms of the relevant market, the assessment of the proposed transaction revealed that the merging parties do not compete in the same product market.

Though it is submitted that NewCo was incorporated as an SPV to acquire the business of GRS SA, Namibia and Botswana, its sole owner, Rockwood Private Equity (Pty) Ltd, is a private fund manager based in South Africa and does not have any presence in Botswana.

On the other hand, GRS Botswana, is a manufacturing business servicing the metal roofing and roofing accessories market in Botswana. Its primary products include: steel roofing profiles and roofing accessories (clips); steel; decking profiles; and roof sheeting products. GRS Botswana manufactures concealed-fix roofing profiles under the Brownbuilt brand and inverted box rib roof sheeting under the HH Robertson brand. The company's plant is based in Gaborone but does sell their products throughout the country.

- v. From the description of the markets of the merging parties, it can be deduced that there is absence of product overlap in the activities of the merging parties. Therefore, the Authority maintains that it is not necessary to reach a definitive view on the exact scope of the product market as the market structure is not expected to change post implementation of the proposed transaction.

Competitive Analysis and Public Interest

- vi. The Authority's assessment did not reveal any substantial lessening of competition concerns due to the absence of product overlaps in the activities of the merging parties.

The Determination

- vii. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. Furthermore, no public interest concerns have been identified.
- viii. Pursuant to the provision of section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition of 70% shares in GRS Botswana (Pty) Ltd by K2021511200 (South Africa) (Pty) Ltd from Consolidated Steel Industries (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 16th day of June 2021.

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