



MERGER DECISION NO 29: 2023

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

DECISION ON THE ASSESSMENT OF THE PROPOSED SALE AND PURCHASE OF THE ENTIRE SHARE CAPITAL OF LAFARGE SOUTH AFRICA HOLDINGS (PTY) LTD BY AFRIMAT 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 sale and purchase of the entire share capital of Lafarge South Africa Holdings (Pty) Ltd ["Lafarge South Africa"] by Afrimat Ltd ("Afrimat"). The transaction was notified to the Authority on 6th July 2023 and the merger assessment was completed on 22nd August 2023.

The Acquiring Enterprise, Afrimat, is a public company listed on the Johannesburg Securities Exchange (JSE). Afrimat owns subsidiaries in other Southern African countries mainly South Africa, Zambia, and Mozambique. Afrimat does not provide any products or services in Botswana.

The Target Enterprise, Lafarge South Africa Holdings is a company incorporated in accordance with the Laws of South Africa. It is controlled by Holcim Ltd, a public company listed on the Six Swiss Exchange. Lafarge South Africa Holdings does not control nor is it controlled by any enterprise in Botswana.

Relevant Markets

The Acquiring Enterprise through its subsidiaries, manufactures and supplies the following products and services: (i) Construction- ready-mix concrete, bricks and blocks and Lime; (ii) industrial materials- dolomite, metallurgical calcite, Silica and Limestone products to various users of industrial materials; (iii) bulk commodities- Iron ore, Manganese and Anthracite; (iv) mining services packages - drilling and blasting solutions; and (v) future materials and metals and future materials and metals such as high-grade organic products primarily to large-scale projects. Afrimat does not provide any products or services in Botswana.

On the other hand, the Target Enterprise through its subsidiary, Lafarge Industries SA, manufactures and supplies cement and ready-mix concrete. These products

are imported from South Africa and distributed in Botswana by Lafarge Industries SA's largest customers being, Express Link, Cashbuild, Builders Warehouse, Extra Light Group and Builders Depot. These cement products are Build Crete (42.5 bags), Powercrete (52.5 Bags) and Durabuild Plus (32.5 Bags) and Fastcast 52.5R

It can be concluded that the activities of the Merging Parties overlap in the market for supply of ready-mix concrete in South Africa; however, this overlap does not extend to the Botswana market. This is because the Acquiring Enterprise does not supply any products or services into the Botswana market, while the Target Enterprise does supplies cement and ready-mix concrete into Botswana through its largest customers. Therefore, there is lack of product overlap in the activities of the Merging Parties in Botswana.

In light of the above, the merger is not expected to alter the market structure post implementation. As such, the Authority does not anticipate any competition concerns to arise in the relevant market in Botswana post-merger.

Competitive Analysis and Public Interest

The Authority has not established any substantial lessening of competition concerns arising from the Proposed Transaction. Furthermore, there is no acquisition of market dominance post-merger; nor any negative effect on public interest that was identified as per the provisions of Section 52(2) of the Competition Act 2018.

The Determination

Pursuant to the provision of Section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed sale and purchase of the entire share capital of Lafarge South Africa Holdings (Pty) Ltd by Afrimat 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 22nd day of August 2023.

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