



## **MERGER DECISION NO 40: 2024**

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

#### **DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 100% SHAREHOLDING IN ELECTROLUX SOUTH AFRICA (PTY) LTD BY HAIER EUROPE APPLIANCES HOLDING B.V.**

##### **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 100% shareholding in Electrolux South Africa (Pty) Ltd ("Electrolux SA" or the "Target Enterprise") by Haier Europe Appliances Holding B.V ("Haier Europe" or the "Acquiring Enterprise"). Following the implementation of the proposed transaction, Electrolux SA will be wholly owned and controlled by Haier Europe.

The Acquiring Enterprise, Haier Europe, is a company incorporated in accordance with the Laws of the Netherlands. Haier Europe is ultimately controlled by Haier Group Corporation ("Haier Group"). Haier Group and its subsidiaries are referred to as the Acquiring Group. Haier Europe does not control any enterprise in Botswana.

The Target Enterprise, Electrolux SA, is a private limited company incorporated in South Africa. Electrolux SA is directly controlled by Aktiebolaget Electrolux (publ) ("AB Electrolux"), a public company incorporated under the Laws of Sweden. The shares of AB Electrolux are listed on the Nasdaq Stockholm Stock Exchange and are therefore widely held. AB Electrolux is not controlled by any firm or firms. The Target Enterprise has shareholding in Frumer & Bennet's Sheet Metal Works (Pty) Ltd (100%) and Ilitha Solar (Pty) Ltd (49%), both incorporated in South Africa. Electrolux SA does not control any enterprises in Botswana nor is it directly present in Botswana. Electrolux SA and the enterprises controlled by it are referred to as the Target Group.

##### **Relevant Markets**

In terms of the activities of the Merging Parties, the Acquiring Enterprise is active in the manufacture and supply of consumer electronics and domestic appliances which include refrigerators, kitchen appliances, laundry appliances, air-conditioners for domestic use, water-heating products and water purifying products. Haier products are marketed through several main brands including "Haier", "Casarte", "Leader", "GE Appliances", "Fisher & Paykel", "AQUA" and

"Candy". The Acquiring Group also operates a biological and medical business that supplies bio-medical products such as medicine cabinets, liquid nitrogen canisters, vaccine refrigerators and intelligent monitoring devices to customers in Botswana.

On the other hand, the Target Group is engaged in the manufacturing and distribution of Kwikot branded products in South Africa and sold to retailers in Botswana such as plumbing merchants, hardware stores and to a limited extent, building contractors. These products include hot water systems, solar water heating systems, valves, drip trays, insulation, heat pumps and a wide range of stainless-steel kitchenware and sanitaryware. Electrolux SA also supplies home appliances, vacuums and accessories which are manufactured and sold under the AEG, Electrolux and Kelvinator brands (the "Home Appliances Business"). The Home Appliances Business will not form part of the notified transaction and will be separated from Electrolux SA prior to implementation of the proposed transaction. The Home Appliances Business will therefore continue to be controlled by AB Electrolux and will operate independently of Electrolux SA following completion of the proposed transaction.

The assessment indicates that the Acquiring and Target Enterprises are not directly present in Botswana except through the supply of some of their products to retailers. Both the Acquiring and Target Enterprises are involved in the production of hot water systems; however, this overlap is not present in Botswana as only the Target Enterprise exports this product into the local market. The Acquiring Enterprise only exports bio-medical products. Therefore, the Authority does not anticipate any competition concerns to arise in the relevant market post-merger as there is no geographical overlap in the activities of the merging parties in Botswana.

Moreover, the Acquiring Enterprise is expected to face strong competition from existing well-established players in the market for the supply of water heating and related water heating products for both domestic and commercial use which supply their products into Botswana. For this reason, it's clear that the market under consideration is fairly competitive as it is characterised by other active participants.

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

In the assessment of Substantial Lessening of Competition, the investigations have revealed that in Botswana, the Acquiring and Target Enterprises operate in different markets with the exception of the water heating systems. However, there is lack of geographical overlap in their activities as the Acquiring Enterprise operates in the supply of bio-medical products in Botswana while the Target Enterprise operates in the supply of water heating and related water heating products for both domestic and commercial. The Authority therefore does not

anticipate the acquisition to result in any substantial lessening of competition post implementation as the merging parties operate in differing markets in Botswana.

The implementation of the Proposed Merger is not expected to result in the acquisition of a dominant position in the relevant market in Botswana as the merging parties are not directly present in Botswana, but rather through the supply of their respective products to retailers as explained above. The Acquiring Enterprise is only expected to acquire the Target Enterprise's market share in the market for the supply of water heating and related water heating products for both domestic and commercial – there will be no market share accretion. Furthermore, as indicated above in the report, the merged enterprise is expected to face competition from other existing players who also supply their products into Botswana.

In terms of Public Interest considerations, the Authority does not foresee any detriment to matters of public interest that will arise as the merging parties are not directly present in Botswana.

### **The Determination**

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not going to change upon implementation of the proposed transaction as both the Acquiring and Target Enterprises are not directly present in Botswana, moreover they operate in different markets in Botswana. As such, no competition concerns will arise. Furthermore, the proposed merger will not have any negative effects 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 100% shareholding in Electrolux South Africa (Pty) Ltd by Haier Europe Appliances Holding B.V.

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 8<sup>th</sup> day of October 2024.

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