



MERGER DECISION NO 55: 2024

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

MERGER DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 60% EQUITY IN MRI BOTSWANA LIMITED BY ABOVAX (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 60% equity in MRI Botswana Limited ("MRI Botswana" or the "Target Enterprise") by Abovax (Pty) Ltd ("Abovax" or the "Acquiring Enterprise"). Following the implementation of the proposed transaction, Abovax will have a controlling stake in MRI Botswana.

The Acquiring Enterprise, Abovax, is a company incorporated in South Africa. Abovax is directly controlled by ABXI International ("ABXI"). ABXI is duly incorporated in South Africa. ABXI controls several other firms, but it is present in Botswana as a shareholder in D-Med@Medipost and as an indirect shareholder in ABX Ponea Health (Pty) Ltd, through ABX Ponea (Pty) Ltd.

The Target Enterprise, MRI Botswana, is a company incorporated in Botswana. The Target Enterprise is directly controlled by Southview (Pty) Ltd ("Southview"), the Motor Vehicle Accident Fund (MVA Fund) and a few individual shareholders. Southview owns the entire issued share capital of Southview Insurance Agency (Pty) Ltd and Healthwise Management Solutions (Pty) Ltd, which are currently dormant. Southview is wholly owned by the Botswana Medical Aid Society ("BOMAID").

Relevant Markets

In terms of the activities of the Merging Parties, the assessment of the merger indicates that the Acquiring Enterprise is engaged in the business of providing strategic healthcare advisory services which focus on providing integrated healthcare solutions to individual and corporate customers geared to addressing existing healthcare challenges in various countries including Botswana and South Africa.

In Botswana, the Acquiring Enterprise is currently present through two business arrangements under D-Med and ABX Ponea Health. D-Med was established to operate as a medicine distribution unit that deals with prescriptions, and to distribute medications to patients through pharmacies. However, the company is currently not operational and has never operated. ABX Ponea Health has also never operated, and a resolution to deregister it was passed late in 2023.

Abovax has entered into a contractual Teaming Agreement with a local pharmacy, Zoe Fountains Pharmacy (Pty) Ltd for the distribution of medicines to its client. The said contractual Teaming Agreement will be dissolved post-merger, and all Abovax's business will be carried out through MRI Botswana.

On the other hand, the Target Enterprise operates as an integrated health services company that operates five business units, namely, emergency medical services ("EMS"), general medical services ("GMS"), pharmacies, training academy and a call centre. EMS operates in pre-hospital emergency medical care and transportation of critically ill and injured patients; GMS is responsible for the Prime Health clinics (three) as well as on site occupational healthcare management clinics; MRI Botswana provides courier pharmacy services and convenient Collect & Go technology lockers; the training academy services the internal medical training needs of MRI Botswana; while the contact centre provides services to companies in Botswana and offers inbound and outbound contact centre, outsourced contact centre services, customer care lines, assistance in setting up a customer contact centre, counselling, etc.

Based on the above, both the Acquiring and Target Enterprises are involved in the distribution of medicines. However, it must be noted that the Acquiring Enterprise provides these services through its contractual teaming agreement with Zoe Fountains Pharmacy as and when opportunities arise while the Target Enterprise distributes medicines through its pharmacies in Botswana. Furthermore, the agreement with Zoe Fountains will be terminated post-merger. It must also be noted that although the Acquiring Enterprise is present in Botswana through D-Med and ABX Ponea, the two are not operational, hence, Abovax has no direct active operations in Botswana. Therefore, the Authority does not anticipate any competition concerns to arise in the relevant market post-merger.

Competitive Analysis and Public Interest

The implementation of the proposed merger 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.

The Determination

The Authority determined through the analysis of the facts of the merger that its implementation will not adversely change the structure of the relevant market or endanger the continuity of service in the market under consideration.

Pursuant to the provision of section 53 of the Act, the Authority has unconditionally approved the proposed acquisition of 60% equity in MRI Botswana Limited by Abovax (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 18th day of December 2024.

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