

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 62/LM/Jul06

In the matter between:

Sasol Chemical Industries Ltd

Acquiring Firm

And

Sasol Dyno Nobel (Pty) Ltd

Target Firm

Panel: D Lewis (Presiding Member), N Manoim (Tribunal Member) and Y Carrim (Tribunal Member)

Date of Hearing: 30 August 2006

Order issued on: 30 August 2006

Reasons issued on: 03 October 2006

Reasons

APPROVAL

- 1] On 30 August 2006, the Tribunal approved the merger between Sasol Chemical Industries Ltd ("Sasol Chemical") and Sasol Dyno Nobel (Pty) Ltd ("Sasol Dyno Nobel"). The reasons for approval follow.

THE TRANSACTION

- 2] Sasol Chemical intends increasing its shareholding in Sasol Dyno Nobel from 60% to 100% of the entire issued share capital thereof, by purchasing Dyno Nobel Holding ASA's 40% stake in Sasol Dyno Nobel.¹ Sasol Chemical is controlled by Sasol Limited.²
- 3] According to the parties, in December 2005 Dyno Nobel's shareholder announced that it had sold its entire shareholding in Dyno Nobel to Macquarie Bank, who in turn announced their intention to on-sell *inter alia* their African

¹ Sasol Dyno Nobel is a joint venture between the two shareholders

² Sasol is listed on the JSE and According to the parties, no single firm or individual controls it. Sasol has a number of subsidiaries which are depicted in an organogram on page 50-51 of the Commission's record.

interests to Orica Limited, an Australian company. In terms of the Sasol Dyno Nobel shareholders' agreement, Sasol Nitro, a division of Sasol Chemical, has a pre-emptive right to purchase Dyno Nobel's 40%.

- 4] According to the parties, Sasol Limited was of the view that should it not exercise the right, Orica would become the owner of the 40% shareholding in Sasol Dyno Nobel. As a result the new Dyno Nobel North America technology (which Sasol Dyno Nobel has a non exclusive right to use on an evergreen basis) would not be available in South Africa. According to Sasol, this would become an untenable situation as Sasol Dyno Nobel is based on this technology, which directly competes with Orica technology worldwide.

IMPACT ON COMPETITION

- 5] Sasol Dyno Nobel is involved in the sale of non-electric initiation systems, which includes: shock-tube detonators, detonating cords and pentolite boosters (manufactured in Mpumalanga) and safety fuse and igniters cord (imported from China). Save for the products sold and services rendered by Sasol Dyno Nobel (in respect of which Sasol Chemical has a 60% shareholding), neither Sasol Chemical nor Sasol Limited (and its subsidiaries) offer any product or service which overlaps with those offered by Sasol Dyno Nobel. The merger therefore does not result in any change in market structure or accretion in market share.

CONCLUSION

- 6] In light of the above, we are of the view that the transaction is unlikely to substantially prevent or lessen competition in any of the markets, in which the parties are active. There are no public interest concerns and we accordingly approve the transaction without conditions.
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D Lewis

Presiding member

Y Carrim and N Manoim concurring

Tribunal Researcher: M Murugan-Modise

For the merging parties: M Garden (Edward Nathan)

For the Commission : L Lamola and M Mohlala (Mergers & Acquisitions)