



## COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case No:54/LM/Jul11**

In the matter between:

**Investec Bank Limited**

Acquiring Firm

And

**Ferro Industrial Products (Pty) Ltd**

Target Firm

Panel : Norman Manoim (Presiding Member)  
Andiswa Ndoni (Tribunal Member)  
Medi Mokuena (Tribunal Member)  
Heard on : 21 September 2011  
Order issued on : 21 September 2011  
Reasons issued on : 20 October 2011

### **Reasons for Decision**

#### **Approval**

- 1] On 21 September 2011 the Competition Tribunal ("Tribunal") approved the large merger between Investec Bank Limited ("Investec") and Ferro Industrial Products (Pty) Ltd ("Ferro"). The Tribunal's reasons for approving the transaction are set out below.

## **The Parties to the transaction**

- 2] The primary acquiring firms are Investec Bank Limited, a firm incorporated under the laws of the Republic of South Africa and the Management Shareholders of Ferro Industrial Products. Investec is controlled by Investec Limited,<sup>1</sup> a firm listed on the Johannesburg Stock Exchange.
- 3] The primary target firm is Ferro Industrial Products (Pty) Ltd,<sup>2</sup> a firm incorporated in terms of the laws of the Republic of South Africa. Ferro is controlled by Blackstar Group Plc ("Blackstar") which currently holds 54% share interest therein with the remaining 46% being held by the Management Shareholders.
- 4] The parties have concluded a Sale of Shares and Claims Agreement in terms of which (i) Investec will acquire 49% of the issued share capital in Ferro together with a cession of the loan account claims held by Blackstar against Ferro; and (ii) Certain of the Management Shareholders will acquire 5% of the issued share capital in Ferro.
- 5] Post merger, Investec will have control of Ferro with its 49% shareholding while the Management Shareholders will collectively hold 51%.

## **The activities of the parties**

- 6] The acquiring firm, Investec is an international specialist banking and asset management group providing a diverse range of services and financial products to a niche client base mainly in the United Kingdom, Australia and South Africa.
- 7] Investec operates through 6 main divisions namely Asset Management; Wealth and Investment; Property Activities; Private Banking; Investment Banking and Capital Markets.
- 8] The target firm, Ferro manufactures plastics, glass colouring, enamels, ceramics

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<sup>1</sup> <http://www.investec.co.za/#home.html>

<sup>2</sup> <http://www.ferrosa.co.za/>

and powder coatings and was initially a subsidiary of Ferro USA until it was bought out from its USA parent company in 1990.

- 9] Ferro operates through 5 divisions namely Powder Coatings division; Glass Decorating and Colouring division; Plastic Masterbatch division; Enamels division and the Spectrum Ceramics division.

### **The Rationale**

- 10] Investec previously held a controlling interest in Ferro before disposing of it to Blackstar in 2008. Investec therefore sees this transaction as investment in a familiar firm that has proven to be very well managed and profitable.

- 11] Blackstar wants to exit from its investment in Ferro and sees this transaction as a means of achieving that objective.

### **The Relevant Market and the Impact on Competition**

- 12] There is no overlap in the activities of the parties and even though Investec holds interests in chemical companies, particularly in the supply of resins and chlor-alkali derivative products used for water treatment, it does not hold any interests in the industrial chemical sector in which Ferro operates.

- 13] The Commission also found that there is no possibility of vertical integration between the activities of the merging parties.

- 14] In light of the above and the Commission's analysis, the proposed transaction will not likely lead to preventing or lessening competition in the relevant markets.

### **Public Interest**

- 15] The merging parties submitted that the proposed transaction raises no public interest concerns.

## **Conclusion**

16] In light of the Commission's analysis and recommendations, the merger does not raise any major competition concerns and furthermore no public interest concerns arise.

17] Accordingly, the above merger is approved without conditions.

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**N Manoim**

20 October 2011  
**DATE**

**A Ndoni and M Mokuena concurring.**

Tribunal Researcher: Songezo Ralarala

For the Merging Parties: Paul Cleland from Werksmans Attorneys

For the Commission: Lindiwe Khumalo