

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 101/LM/Sep08

In the matter between:

Hulamin Operations (Pty) Ltd

Acquiring Firm

and

Hullet-Hydro Extrusions (Pty) Ltd

Target Firm

Panel	:	D Lewis (Presiding Member), Y Carrim (Tribunal Member) and T Orleyn (Tribunal Member)
Heard on	:	26 November 2008
Order issued on	:	26 November 2008
Reasons issued on	:	11 December 2008

Reasons for Decision

Introduction

- [1] On 26 November 2008 the Tribunal approved the merger between the aforementioned parties. The reasons follow below.

The transaction and parties

- [2] The primary acquiring firm is Hulamin Operations (Pty) Ltd ("Hulamin Operations") which is 90% owned by Hulamin Ltd and 10% by Chaldean 67 Trading (Pty) Ltd. Hulamin Operations holds 70% of Hullet-Hydro Extrusions (Pty) Ltd ("HHE"), the primary target firm in this transaction. The 30% share in HHE is held by Hydro Aluminium (SA) (Pty) Ltd ("Hydro Aluminium SA").
- [3] In terms of the proposed transaction Hulamin Operations will increase its 70% shareholding in HHE to 100% by acquiring the additional 30% currently held by Hydro Aluminium SA.

Rationale for the transaction

- [4] According to the parties the proposed transaction will give Hualamin Operations as the sole funder of HHE, the opportunity to be a sole shareholder and to grow its business with HHE consistently. Hydro Aluminium SA never contributed to the loan funding requirements of HHE and had an option to increase its shareholding in HHE to 50%, which it failed to exercise.

Effect on Competition

- [5] Hualamin Operations is active in the manufacturing of aluminium rolled products, and through HHE which manufactures aluminium extrusion (particularly soft alloy extrusion products), also manufactures aluminium extrusion.
- [6] There is a limited overlap in the activities of the merging parties in the market for aluminium extrusion in which they are both active due to their relationship; i.e. HHE being a subsidiary of Hualamin Operations. Outside of this relationship there is no overlap in the activities of the merging parties as Hualamin Operations is involved in rolled products and HHE is involved in soft alloy extrusion products.
- [7] The proposed transaction will not result in any material change in the market structure due to the pre-existing relationship between the merging parties, neither will it increase nor affect market shares in the identified markets.
- [8] In light of the above the Tribunal finds that the proposed transaction is unlikely to substantially prevent or lessen competition.

Public Interest

- [9] The transaction does not raise any significant public interest concerns.

D Lewis

11 December 2008
Date

Y Carrim and T Orleyn concurring.

Tribunal Researcher: L. Xaba

For the merging parties: Brink Cohen Le Roux instructed by Cox Yeats
Attorneys

For the Commission: K Mahlakoana