



## COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case No: 81/LM/Sep11**

In the matter between:

**Venfin Media Investments (Pty) Ltd**  
**Main Street 754 (Pty) Ltd**

Acquiring Firms

And

**Marc Group Ltd**

Target Firm

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|-------------------|---|---|
| Panel             | : | Andreas Wessels (Presiding Member)<br>Andiswa Ndoni (Tribunal Member)<br>Medi Mokuena (Tribunal Member) |
| Heard on          | : | 16 November 2011  |
| Order issued on   | : | 16 November 2011  |
| Reasons issued on | : | 01 February 2012  |

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### Reasons for Decision

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#### Approval

[1] On 16 November 2011 the Competition Tribunal (“Tribunal”) approved the acquisition by Venfin Media Investments (Pty) Ltd and Main Street 754 (Pty) Ltd of Marc Group Ltd. The Tribunal’s reasons for approving this transaction are set out below.

## **Parties to the transaction**

[2] The primary acquiring firms are Venfin Media Investments (Pty) Ltd (“Venfin Media”) and Main Street 754 (Pty) Ltd (“Main Street”). These firms are incorporated in terms of the laws of the Republic of South Africa. Venfin Media is controlled by Venfin Ltd, which is in turn controlled by Remgro Ltd. The Remgro group controls numerous firms.<sup>1</sup> Main Street is an investment holding company with a shareholding in Marc Group Ltd.

[3] Remgro is an investment holding company with interests in various firms involved in *inter alia* financial services, medical services, mining, media, petroleum products, food, wine and spirits. For purposes of the instant transaction, Remgro’s indirect non-controlling interest in Mobil Alliance Media and Technology (Pty) Ltd (“Mobil Alliance”) is of relevance. Mobil Alliance is involved in the provision of digital advertising screens.

[4] The primary target firm is Marc Group Ltd (“Marc”), a firm incorporated in terms of the laws of the Republic of South Africa. Venfin Media currently holds 34.55% of the ordinary shares and all of the no par value preference shares in Marc and Main Street holds 34.5% of the ordinary shares in Marc. Marc holds investments in various sport brand companies, conducts sport sponsorship activities and is also involved in the provision of digital advertising screens.

## **Description and rationale for transaction**

[5] In this transaction Venfin Media is converting all of its currently held preferential shares in Marc into ordinary shares. Pursuant to the proposed transaction Venfin Media will hold 54.74% of the issued share capital in Marc. Main Street’s shareholding in Marc will dilute to 24.45% as a result of this conversion. However, Venfin Media and Main Street will have joint control over Marc given certain minority protections conferred on Main Street in terms of the concluded Marc shareholders agreement.

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<sup>1</sup> See Form CC4(2) for a complete list of the firms in the Remgro group.

[6] Remgro is positive about the growth prospects of Marc and the rationale for Marc is that this transaction will enable it to enhance its capital structure and debt raising capacity.

### **Competition analysis**

[7] As indicated above, both Mobil Alliance and Marc are involved in the provision of digital advertising screens at sporting stadiums.

[8] The Commission in defining the relevant product market identified two types of advertising screens, namely:

(i) perimeter sporting screens; and

Perimeter sporting screens are advertising screens installed at sports stadiums. They ring the perimeter of a pitch and are targeted at large crowds such as found at rugby and soccer matches. The screen provider is responsible for screen logistics (arranging that the screens are at the relevant matches) and the sequencing and display of screen content. The customers are the owners of the “pitch-side” advertising rights at the sporting events. These customers include sports bodies such as the South African Soccer League or SA Rugby, as well as various individual clubs.

(ii) small display screens

Small digital advertising screens are normally placed at retail stores, supermarkets checking points and are targeted at people who enter and buy at those shopping stores.

[9] The Commission concluded that there is limited demand- and supply-side substitutability between the above-mentioned two types of screens and that they therefore constitute separate relevant product markets.

[10] In respect of the scope of the relevant geographic market, the Commission found that the market is global since competitors of the

merging parties consist of overseas based companies that participate in tender bids for the major local sport tournaments.

[11] The merging parties' combined post-merger market shares in the provision of perimeter sporting screens in (a) South Africa and (b) internationally, based either on the number of systems that they have or their number of contracts/events, are relatively low. The Commission further found that the contracts in this market are awarded on the basis of tenders, which usually have multiple rounds of negotiations. Competitors of the merging parties in this market include firms such as TGI Systems, Stella Vista, Megaview and ADI TV.

[12] Furthermore, the Commission, as part of its market investigation, contacted customers in the relevant market and these customers indicated that they have no concerns in relation to the proposed transaction.

### **Public interest**

[13] The merging parties submitted that the proposed transaction will not result in any retrenchments and will have no adverse effect on employment.<sup>2</sup> Furthermore, the proposed transaction does not raise any other public interest concerns.

### **Conclusion**

[14] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition. Furthermore, the proposed transaction raises no public interest concerns. Accordingly we approve the proposed transaction unconditionally.

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**A Wessels**

01 February 2012

**Date**

**A Ndoni and M Mokuena concurring**

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<sup>2</sup> See Schedule 2 to form CC4(1) filed by the merging parties – page 20 of the record.

Tribunal researcher: Ipeleng Selaledi  
For the merging parties: Webber Wentzel Attorneys  
For the Commission: Dineo Mashego