

NOTICE 238 OF 2012**COMPETITION COMMISSION****NOTIFICATION TO CONDITIONALLY APPROVE THE TRANSACTION INVOLVING:****WISPECO (PTY) LTD****AND****XLINE ALUMINIUM SOLUTIONS (PTY) LTD****2011SEP0241**

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission, that it has approved the transaction involving the above mentioned firms subject to conditions as set out below:

The primary acquiring firm is Wispeco (Pty) Ltd ("Wispeco") a private company incorporated in terms of the laws of South Africa. Wispeco is active in the upstream market for the extrusion of aluminium profiles, which is *inter alia* used in applications such as windows and doors. It is also active in the downstream stockist market for the distribution of aluminium extrusion profiles.

The target firm is Xline Aluminium Solutions (Pty) Ltd ("Xline") a private company incorporated in terms of the laws of South Africa. Xline is only active in the downstream market for the distribution of aluminium profiles.

The transaction presents a horizontal and vertical dimension.

Vertically, Xline purchased the majority of its aluminium profiles from Wispeco. The Commission is of the view that input and customer foreclosure is unlikely. The Commission's investigation also showed that the proposed transaction is unlikely to facilitate coordination in the upstream market.

In assessing the horizontal effects of the merger transaction the Commission considered the market shares of the parties, barriers to entry, import competition and whether the transaction will result in the removal of an effective competitor. The market shares of Wispeco appear to be high, while that of Xline is considerably lower in the downstream market. The accretion in market share of the merged entity does not raise any significant concerns. The barriers to entry for stockists that merely stock and distribute aluminium profiles are low, while the entry barriers to stockists that have design capabilities are relatively high. Imports appear to play an important role in the aluminium extrusion profile industry and exert a competitive constraint on the activities of the merging parties. It is clear that Xline is a competitor of Wispeco, but cannot be considered to be its closest competitor.

The Commission is therefore of the view that the transaction is unlikely to substantially prevent or lessen competition within the defined markets.

Wispeco agreed that the transaction be approved subject to employment conditions in order to satisfy the concerns of NUMSA. The employment conditions are set out below.

- a) Wispeco will offer alternative employment in the entry level positions (grade G) to all affected permanent employees in any of its subsidiary/divisions;*
- b) That each employee accepts the voluntary position and the concomitant remuneration of the position;*
- c) That the employee accepts a transfer to the location (city) where the vacant position is being offered.*

Enquiries in this regard may be addressed to Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3298, or Facsimile: (012) 394 4298.