NOTICE 240 OF 2012

COMPETITION COMMISSION

NOTIFICATION TO CONDITIONALLY APPROVE THE TRANSACTION INVOLVING:

TEDELEX TRADING (PROPRIETARY) LIMITED

AND

SAMMEG SATELLITE (PROPRIETARY) LIMITED, SAMSAT (CAPE) PROPRIETARY LIMITED AND SAMSAM (KZN) (PROPRIETARY) LIMITED

CASE NO: 2011OCT0300

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 Tedelex Trading (Proprietary) Limited ("Tedelex"). Tedelex is a wholly owned subsidiary of Amalgamated Appliance Holdings Limited ("Amalgamated"). Amalgamated is a listed company which is not controlled by a single firm.

The primary target firms are Sammeg Satellite (Proprietary) Limited ("Sammeg"), Samsat (Cape) (Proprietary) Limited ("Samsat Cape") and Samsat (KZN) (Proprietary) Limited ("Samsat KZN"). Samsat Cape and Samsat KZN are wholly owned subsidiaries of Sammeg.

Tedelex is primarily involved in the marketing and supply of household durables such as kettles, toasters, irons, microwaves, electric mixers, heaters and electrical accessories.

The target firms supply television reception equipment and electrical accessories. Television reception equipment refers to terrestrial products (indoor and outdoor aerials as well as related accessories) and satellite products (satellite dishes, decoders and related accessories).

Given the activities of Tedelex and the target businesses the Commission identified a horizontal relationship between the merging parties in that they are both active in the supply of electrical accessories to retailers in South Africa. These products include amongst others plugs, multi plugs and extension cables.

The Commission's investigation revealed that the merged entity would hold a market share of approximately 25% in the electrical accessories supply market and such will continue to face competition from players such Ellies, Voltex, CR Electronics, ISD, Yodota and Connoisseur.

The Commission also found that the customers of the merging parties are generally large national retailers who have the ability to switch suppliers and compare prices whenever they choose to do so.

The Commission received concerns that the approval of this transaction would result in the merged entity having the ability to bundle televisions with satellite products and thereby offering a 5% to 10% discount to its competitors retail customers. The Commission noted that the merging firms do not have market power in the terrestrial or television markets and therefore a bundling strategy is not likely to be feasible and/or profitable. Moreover, the Commission's investigation further revealed that generally bundling of televisions with other products is not done by suppliers such as the merging parties but rather by retailers. In view of the aforesaid, the Commission concluded that this concern is not specific to the merger and the alleged bundling does not appear to be in practise at the level of the merging parties.

Given the relatively low market share of Tedelex, the presence of alternatives and the ability of customers to switch suppliers; the acquisition of Sammeg and its related entities is unlikely to lead to a substantial lessening or prevention of competition in the electrical accessories market.

However, the transaction raises a public interest concern in relation to potential job losses post-merger. The Commission noted that this transaction may result in the retrenchment of possibly sixteen employees of the target firms. This number represents 14% of the total workforce of the target firms. In order to alleviate these concerns, the Commission imposed the condition that no employees of Tedelex or Sammeg should be retrenched for a period of two years after the Approval Date.

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.