

NOTICE 1001 OF 2013**COMPETITION COMMISSION****NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:****WEIR HEAVY BAY FOUNDRY (PTY) LTD****AND****THE ASSETS OF XMECO FOUNDRY (PTY) LTD AND THE IMMOVEABLE PROPERTY OF
ILLANDO PROPERTIES (PTY) LTD****CASE NUMBER: 2013MAR0110**

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:

On 13 March 2013, the Competition Commission (the Commission) received a notice of an intermediate merger whereby the primary acquiring firm, Weir Heavy Bay Foundry (Pty) Ltd (Weir) intends to acquire the assets of Xmeco Foundry (Pty) Ltd (Xmeco) and the immovable property of Illando Properties (target assets). Following implementation, the target assets would be wholly-owned by Weir.

Weir is active in South Africa as a manufacturer of slurry pumps, hydrocyclones and valves. Xmeco is primarily involved in developing the patterns and the manufacturing of ferrous castings based on the customer orders. The castings Weir sources from Xmeco are used in the manufacturing of the aforementioned products. The proposed transaction therefore raises a vertical relationship between the business activities of the merging parties. Xmeco supplies castings (upstream market), which are used to manufacture slurry pumps, valves and hydrocyclones (downstream market) by Weir.

The Commission finds that Weir is the largest player in the downstream market for the manufacturing of slurry pumps. Accordingly, the Commission considered the potential of customer foreclosure given the size of Weir. The Commission finds that Xmeco has low market share in the upstream market and therefore has no market power. Moreover, there is excess production capacity available in the upstream market which suggests that there are alternatives for downstream competitors. The Commission therefore is of the view that, in light of the available capacity in the market and ability of customers to switch, the proposed transaction is unlikely to raise input foreclosure. The customers of Xmeco contacted by the Commission who compete with Weir in the downstream markets did not raise any concerns with the proposed transaction citing the presence of alternative suppliers available in the upstream market.

The Commission finds that the proposed merger is unlikely to result in retrenchments at Weir and Xmeco as there will be no duplication of duties post-merger given that Weir's in-house foundry operation is situated in Isando, Johannesburg, whilst Xmeco foundry is situated in Port Elizabeth.

The only public interest concern raised by the proposed merger relates to the retrenchments, should a customer of Weir be foreclosed Weir as a sizeable customer. The Commission impose a condition that Weir continues purchasing castings from the concerned supplier for a period of six months after the approval of the merger.

The Commission therefore approved the proposed merger with conditions in terms of section (14) (1) (b) (ii) of the Competition Act No 89 of 1998, as amended. The Commission hereby issued a certificate in the prescribed form approving the merger.

All correspondences in relation to the Conditions shall be submitted to the following email address: mergerconditions@comcom.co.za.

- University of Pretoria – Hatfield;
- University of Cape Town (UCT) – Rondebosch and Claremont;
- Parow Centre – Cape Town;
- Stellenbosch University (SUN) – Stellenbosch campus;
- Tshwane University of Technology (TUT main campus)– Pretoria West;
- TUT Arcadia Campus – (TUT Arcadia campus), Pretoria; and
- TUT Ga-Rankuwa Campus - Tshwane

The proposed merger is a small merger in terms of Section 11 (5)(a) of the Act because the turnover and/or asset value of the merging parties falls within the lower threshold established in terms of sub-section (1)(a) of the Act, as amended. The merging parties have notified the proposed merger in order for the Commission to assess whether it will substantially prevent or lessen competition in the market.

In terms of the Sale of Business Agreement entered into between Juta and Company and Times Media, Times Media will acquire certain of the assets and liabilities of Juta and Company as a going concern. Post-merger, the Juta Bookshops will become a wholly-owned division of Times Media and will be managed by Van Schaik.

The Commission found that the activities of the merging parties overlap in the following areas:

- University of Johannesburg (UJ) – Auckland Park;
- Carlton Centre - Central Johannesburg;
- University of Pretoria – Hatfield;
- University of Cape Town (UCT) – Rondebosch and Claremont;
- Parow Centre – Cape Town;
- Stellenbosch University (SUN) – Stellenbosch campus;
- Tshwane University of Technology (TUT main campus)– Pretoria West; and
- TUT Arcadia Campus – (TUT Arcadia campus), Pretoria.

The Commission carried out an extensive investigation which included site visits to the areas where the activities of the merging parties overlap; interviews with store managers of the merging parties; universities; competitors; publishers and students in order to assist it enhance