NOTICE 657 OF 2014

COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

UNIPRINT LABELS, A DIVISION OF TIMES MEDIA (PTY) LTD

AND

THE FERROPRINT BUSINESS AND THE CAST ARENA ASSETS

CASE NUMBER: 2014Feb0051

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 Uniprint Labels, a division of Times Media (Pty) Ltd ("Times Media"). Times Media is a wholly-owned subsidiary of Times Media Group Limited ("TMG"), a public company listed on the Johannesburg Securities Exchange Limited ("JSE"). TMG is not controlled by any single shareholder. TMG is a media and entertainment company. The media and entertainment products supplied by TMG include newspapers, magazines and various online services. TMG is also a producer/publisher, distributor and retailer of music, films and books. Times Media operates through four divisions, namely, Media, Retail Solutions, Books and Entertainment. Relevant to the proposed transaction is the Retail Solutions division, as Uniprint Labels operates within this division. Uniprint Labels produces various labels for the fast moving consumer goods ("FMCG"), motor and industrial markets. Specifically in respect of labels and packaging, Uniprint Labels produces: pressure sensitive self-adhesive labels; shrink sleeves; film wraparound labels; litho-printed wet-glue labels; and base skirt rolls.

The primary target firm is the printed labels manufacturing business currently conducted by Ferroprint (Pty) Ltd ("Ferroprint business") and the assets of Cast Arena Trade and Invest 21

(Pty) Ltd ("Cast Arena Assets"). Ferroprint business manufactures and supplies a variety of labelling products, including: self-adhesive labels; swing tags; shrink sleeves; booklet labels; and base wraps. The Cast Arena Assets are used by Ferroprint in its label printing activities. As such, it does not itself produce any products or render any services.

In terms of the Sale of Business and Assets Agreement, Uniprint Labels intends to acquire the Ferroprint business and the Cast Arena Assets from the current Ferroprint and Cast Arena shareholders. Post-merger, Uniprint Labels will have sole control over the Ferroprint business and the Cast Arena Assets.

The Commission's investigation found that the proposed merger results in horizontal overlaps in the activities of the merging parties with respect to three markets, namely (1) the national market for the manufacture and supply of self-adhesive labels; (2) the national market for the manufacture and supply of shrink sleeves; and (3) the national market for the manufacture and supply of firm wraparound labels.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in all implicated market, as customers have countervailing power. Furthermore, there are alternative players in the market that can constrain the merged entity post-merger.

In relation to public interest issues, the proposed transaction results in the loss of 44 jobs. In the analysis of possible effects on employment, the Commission found that irrespective of the proposed transaction, job losses were going to occur as a large portion of the total 167 Ferroprint employees are likely to lose their jobs absent this merger due to ailing financial position of Ferroprint. The Commission engaged with the merging parties on the employment effects of the proposed transaction and the merging parties reduced the number of retrenchments from 49 to 44. Considering the counterfactual, the proposed transaction will effectively save about 123 jobs. The merging parties submitted that the 44 (forty-four) employees to be retrenched consists of 10 (ten) unskilled, 23 (twenty-three) semi-skilled and 11 (eleven) skilled. The Commission is of the view that the skilled employees to be affected are likely to get alternative employment within a reasonable time and does not see it necessary to protect such employees. Accordingly, the Commission imposes a condition on the merged entity limiting retrenchments to 33 (thirty-three) employees, being, 10 (ten) unskilled and 23 (twenty-three) semi-skilled employees.

Further, the proposed transaction does not raise any other public interest concerns.

The Commission therefore approved the merger with conditions in terms of section 14(1)(b)(ii) of the Competition Act no. 89 of 1998, as amended.

CONDITIONS

1. Definitions

The following expressions shall bear the meanings assigned to them below and cognate expressions bear corresponding meanings –

1.1 **"Approval Date"** means the date referred to in the Competition Commission's merger clearance certificate (Form CC 15);

1.2 **"Cast Arena Assets"** means assets of Cast Arena Trade and Invest 21 Proprietary Limited, currently used by Ferroprint in its label printing activities;

1.3 **"Commission"** means the Competition Commission of South Africa;

1.4 **"Conditions"** means these conditions;

1.5 **"Effective Date"** means midnight on the last business day of the month in which the last of the Conditions Precedent, as set out in the Sale of Business and Assets Agreement entered into between the Merging Parties, is fulfilled;

1.6 **"Ferroprint Business"** means the printed labels manufacturing business currently conducted by Ferroprint Proprietary Limited;

1.7 **"Labour Relations Act"** means the Labour Relations Act No. 66 of 1995 (as amended);

1.8 **"Merger"** means the acquisition of control by Uniprint Labels over the Ferroprint Business and the Cast Arena Assets;

1.9 **"Month"** means a calendar;

1.10 **"Merging Parties"** means Uniprint Labels and the Ferroprint Business and the Cast Arena Assets;

1.11 **"Semi-skilled Employees"** means Assistant IT Manager, Creditors Clerk, Debtors Clerk, Filing Clerk, Receptionist, QA and HR Assistant, Maintenance, BC Operator, Nilipeter Operator, Nilpeter Assistant, Colour Matcher and Shafter;

1.12 **"Skilled employees"** means Accounts Receivable, Commercial Manager, HR Manager, IT Manager, Cost and Efficiency Manager, Mounting Foreman, Nilpeter Foreman, Production Director, QA and Environmental Manager and Technical Manager;

1.13 **"Target Firm"** means the Ferroprint Business and the Cast Arena Assets;

1.14 **"Uniprint Labels"** means Uniprint Labels, a Division of Times Media Proprietary Limited; and

1.15 **"Unskilled Employees"** means cleaning position such as Anilox, Cleaner and Washup.

2. Recordal

3.1. The Commission finds that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the manufacturing and supply of self-adhesive, shrink sleeves and film wraparound labels, as there are alternative players in the market that compete with the Merging Parties and who will be in a position to constrain the merged entity post-merger. However, the proposed transaction is likely to have a negative impact on employment since it is likely to result in job losses of about 49 (forty nine) employees due to duplications of positions and the Target firm's poor financial performance. The Commission engaged with the Merging Parties in order to reduce the number of retrenchments. The Merging Parties agreed to reduce the number of retrenchments from 49 (forty nine) to 44 (forty four) employees being 10 (ten) unskilled, 23 (twenty-three) semi-skilled and 11(eleven) skilled employees. The Commission is of the view that the skilled employees to be affected are likely to get alternative employment within a reasonable time and does not see it necessary to protect such employees. The Commission therefore imposes a condition on the merged entity limiting retrenchments to 33 (thirty-three) employees, being, 10 (ten) unskilled and 23 (twenty-three) semi-skilled employees as a result of the Merger over a period of 2 (two) years from the Effective Date. For the avoidance of doubt, the Conditions do not apply to skilled employees.

3. Conditions to the approval of the Merger

3.2. The Merging Parties and their respective direct and indirect subsidiaries shall, subject to the consultation requirements of section 189 of the Labour Relations Act, ensure that the number of retrenchments do not exceed 33 (thirty-three) as a result of the Merger. The 33 (thirty-three) employees to be retrenched consists of 10 (ten) unskilled and 23 (twenty-three) semi-skilled employees.

3.3. For the sake of clarity, retrenchments do not include (i) voluntary retrenchment and/or voluntary separation arrangements; (ii) voluntary early retirement packages; and (iii) unreasonable refusals to be redeployed in accordance with the provisions of the Labour Relations Act.

3.4. These retrenchments shall only be effected after 3 (three) Months following the Approval Date.

4. Monitoring of compliance with the conditions

4.1. The Merging Parties shall circulate a copy of these Conditions to their employees/and or their respective representatives, within 7 (seven) days of the merger clearance.

4.2. As proof of compliance therewith, the Merging Parties shall within 5 business days of circulating the Conditions, provide the Commission with an affidavit by a senior official attesting to the circulation of the Conditions and attach a copy of the notice sent.

4.3. Any employee who believes that his/her employment with the Merging Parties has been terminated in contravention of these Conditions may approach the Commission with his or her complaint.

4.4. Uniprint Labels shall provide reports to the Commission on the following respective dates: 31 October 2014, 30 April 2015, 31 October 2015 and 30 April 2016. The reports must reflect the retrenchments resulting from the Merger effected within the preceding 6 month period. The reports must be accompanied by an affidavit deposed to by a senior official confirming the accuracy of the report.

4.5. All correspondences in relation to these conditions shall be submitted to the following email address: mergerconditions@compcom.co.

4.6. An apparent breach by the Merging Parties of any of the Conditions shall be dealt with in terms of Rule 39 of the Rules for the Conduct of Proceedings in the Competition Commission.

5. Duration of the Condition

The Conditions contained herein shall be effective from the Approval Date and for a period of 2 (two) years after the Effective 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.