

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 6024

20 March 2025

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

**HAIER EUROPE APPLIANCES HOLDINGS B.V
AND
ELECTROLUX SOUTH AFRICAN PROPRIETARY LIMITED**

CASE NUMBER: 2024AUG0050

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 abovementioned firms subject to conditions set out below:

Background

1. On 27 August 2024, the Competition Commission ("Commission") received notice of an intermediate merger wherein Haier Europe Appliances Holding B.V ("Haier") intends to acquire 100% of the issued share capital in Electrolux South Africa ("Electrolux SA"). Upon implementation of the proposed transaction, Haier will exercise sole control over Electrolux SA.
2. The primary acquiring firm is Haier, a private company incorporated in accordance with the laws of the Netherlands. Haier is controlled by Haier Singapore Investment Holding Pte. Ltd ("Haier Singapore"). Ultimately, Haier Singapore is controlled by Haier Group Corporation ("Haier Corp"). Haier does not control any firm in South Africa.
3. All firms directly and indirectly controlled by Haier Corp are referred to as the "Acquiring Group".
4. The target firm is Electrolux SA, a private company incorporated in accordance with the laws of South Africa. Electrolux SA is directly controlled by Aktiebolaget Electrolux (publ), a Swedish firm. Electrolux SA controls the following firms in South Africa: Frumer & Bennett's Sheet Metal Works Proprietary Limited ("Frumer & Bennett") and Ilitha Solar Proprietary Limited ("Ilitha").

Activities of the parties

5. Globally, the Acquiring Group is active in the manufacture and supply of consumer electronics and domestic appliances and is headquartered in China. The Acquiring Group derives turnover from South Africa from the supply of bio-medical products such as cryopreservation products and consumables, biological safety cupboards, bio-culture, liquid nitrogen canisters, vaccine refrigerators and intelligent monitoring devices.
6. Electrolux SA conducts the following business activities in South Africa:
 - 6.1. the marketing and sale of home appliances, vacuums and accessories under the AEG, Electrolux and Kelvinator brands (the **"Home Appliances Business"**); and
 - 6.2. the manufacture and distribution of hot water systems, solar water heating systems, valves, drip trays, insulation, heat pumps and a wide range of stainless-steel kitchenware and sanitaryware for domestic and commercial use under the Kwikot brand (the **"Kwikot Business"**).
7. Electrolux SA's subsidiaries namely Frumer & Bennett and Ilitha are dormant firms and do not have any activities.
8. The Commission notes that the Home Appliances Business will not form part of the proposed transaction. The Home Appliance Business will be controlled by AB Electrolux (the Seller) and will close down, post-merger. Therefore, for the assessment of the proposed transaction, the Commission considered the Kwikot Business.

Competition Assessment

9. The Commission found that the proposed transaction is unlikely to result in any substantial prevention or lessening of competition in any relevant markets.

Public Interest considerations

10. To address the public interest issues arising in the proposed transaction, the Commission and the merging parties have agreed to a moratorium on merger-specific job losses as well as the introduction of an employee share ownership plan.
11. The Commission therefore approves the proposed transaction subject to the conditions attached as **Annexure A**.

ANNEXURE A
HAIER EUROPE APPLIANCES HOLDING B.V.
AND
ELECTROLUX SOUTH AFRICA PROPRIETARY LIMITED
CASE NUMBER: 2024AUG0050

CONDITIONS

1. DEFINITIONS

In this document, the expressions used below will have the appropriate meanings assigned to them and the following and related expressions will bear the following meanings:

- 1.1 **“Approval Date”** means the date on which the merger is approved by the Commission;
- 1.2 **“Commission”** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
- 1.3 **“Commission Rules”** means the Rules for the Conduct of Proceedings in the Commission;
- 1.4 **“Competition Act”** means the Competition Act, No. 89 of 1998, as amended;
- 1.5 **“Conditions”** means these Merger conditions set out in this Annexure A;
- 1.6 **“Days”** means any calendar day that is not a Saturday, Sunday or public holiday in South Africa;
- 1.7 **“Electrolux”** means Electrolux South Africa Proprietary Limited;
- 1.8 **“ESOP”** means employee share ownership plan;

- 1.9 **"Haier"** means Haier Europe Appliances Holding B.V.;
- 1.10 **"HDP"** means Historically Disadvantaged Person as contemplated in section 3(2) of the Competition Act;
- 1.11 **"Implementation Date"** means the date, occurring after the last condition precedent to the Merger is fulfilled or waived, as the case may be, when the Merger is implemented in accordance with its terms;
- 1.12 **"LRA"** means the Labour Relations Act, No. 66 of 1995;
- 1.13 **"Merged Firm"** means Electrolux as controlled by Haier after the Implementation Date;
- 1.14 **"Merger"** means the acquisition by Haier of Electrolux;
- 1.15 **"Merger Parties"** means Haier and Electrolux;
- 1.16 **"Moratorium Period"** means a period of 2 (two) years from the Implementation Date as well as the period between the Approval Date and the Implementation Date;
- 1.17 **"Senior Management"** means Workers at the International Position Evaluation of level 56 and above based on the Electrolux Job Architecture;
- 1.18 **"Tribunal"** means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Competition Act;
- 1.19 **"Tribunal Rules"** means the Rules for the Conduct of Proceedings in the Tribunal;
- 1.20 **"Qualifying Workers"** means Workers employed by Electrolux on a full-time basis for an uninterrupted period of at least 2 (two) years excluding Senior Management; and
- 1.21 **"Worker"** means workers as defined in section (1) (xxxxiv) of the Competition Act.

2. EMPLOYEE SHARE OWNERSHIP PLAN

- 2.1 Within 24 months from the Implementation Date, the Merger Parties shall establish an evergreen/perpetual ESOP that will hold [Confidential] of the issued shares in Electrolux for the benefit of Qualifying Workers.
- 2.2 The ESOP shall be established in line with the key design principles set out in **Annexure B** to the Conditions.

3. Employment

- 3.1 For the duration of the Moratorium Period, Electrolux will not retrench Workers as a result of the Merger.
- 3.2 For the avoidance of doubt, retrenchments do not include (i) voluntary separation arrangements; ii) voluntary early retirement packages; iii) unreasonable refusals to be redeployed in accordance with the provisions of the LRA; iv) resignations or retirements in the normal course; v) terminations in the normal course of business, including but not limited to, dismissals as result of poor conduct or poor performance; and vi) necessary steps taken by the Merged Firm in terms of section 189 of the LRA, should operational requirements in the ordinary course of business that are not merger-specific necessitate that such steps be taken.

4. MONITORING

- 4.1 The Merged Firm shall circulate a non-confidential version of the Conditions to employees of Electrolux within 10 (ten) Days of the Approval Date and confirm to the Commission in writing that this has occurred.
- 4.2 The Merged Firm shall inform the Commission in writing of the Implementation Date within 5 (five) Days of its occurrence.
- 4.3 The Merged Firm shall inform the Commission in writing of the Implementation Date of the ESOP within 5 (five) Days of its occurrence.
- 4.4 The Commission may at any time request additional information from the Merger Parties, which the Commission may reasonably deem necessary for the purposes of monitoring the extent of compliance with the Conditions.
- 4.5 Any person who believes that the Merger Parties have failed to comply with these Conditions may approach the Commission with their complaint. If the Commission

determines that there has been an apparent breach by the Merger Parties of these Conditions, the matter shall be dealt with in terms of clause 6 below.

5. VARIATION OF CONDITIONS

The Merger Parties may at any time, on good cause shown, apply to the Commission for any of the Conditions to be waived, relaxed, modified and/or substituted. Should a dispute arise in relation to the variation of the Conditions, the Merger Parties shall apply to the Tribunal, on good cause shown and on notice to the Commission, for the Conditions to be waived, relaxed, modified and/or substituted.

6. APPARENT BREACH

If the Merger Parties appear to have breached the Conditions or if the Commission determines that there has been an apparent breach by the Merger Parties of any of the Conditions, this shall be dealt with in terms of Rule 39 of the Commission Rules and, if applicable, read together with Rule 37 of the Tribunal Rules.

7. GENERAL

All correspondence concerning these Conditions must be submitted to the following email address: mergerconditions@compcom.co.za and ministry@thedtic.gov.za.

Enquiries in this regard may be addressed to the Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3200.

ANNEXURE B

ESOP DESIGN PRINCIPLES

Design Principle	Applicable Criteria
<i>Structure</i>	<ul style="list-style-type: none"> The Merger Parties shall establish an ESOP in the form of a trust, which will hold [Confidential] of the issued share capital of Electrolux.
<i>Cost to Workers for the establishment of the ESOP</i>	<ul style="list-style-type: none"> No cost to Workers: Qualifying Workers will not be required to pay to participate in the ESOP. The Merger Parties must make provision for independent legal and financial experts to act on behalf of Qualifying Workers in ESOP establishment negotiations. Any reasonable expenses incurred by the Workers and/or their employee representatives in the establishment of the ESOP shall be paid for by the Merger Parties.
<i>Governance</i>	<ul style="list-style-type: none"> The board of trustees must be balanced, and Qualifying Workers must be represented on the board of trustees. For example, 1 (one) trustee appointed by the Merger Parties, 1 (one) appointed by the Workers and 1 (one) independent trustee. The independent trustee will be recommended and appointed by the Qualifying Workers, subject to the candidate being acceptable to the Merger Parties.
<i>Duration</i>	<ul style="list-style-type: none"> The ESOP will be perpetual/evergreen (to cater for the changing workforce so as to benefit all current and future Qualifying Workers).
<i>Participants</i>	<ul style="list-style-type: none"> All current and future Qualifying Workers (not limited to HDPs). Eligibility criteria: permanent Workers of the Merged Firm, subject to the definition of Qualifying Workers as defined in the Conditions. A reasonable minimum period of service may be stipulated. Maternity leave will have no adverse impact on qualification.
<i>Participation Benefits</i>	<ul style="list-style-type: none"> Qualifying Workers will be entitled to: (a) a share of any dividends paid to the ESOP while they are employed by the Merged Firm and (b) capital growth/upside based on their participation rights if a capital event occurs. Qualifying Workers will cease to participate for certain leaver events, for example, resignations and dismissals. Death, retirement and retrenchment will not affect Qualifying Workers' participation rights.
<i>Value & Funding</i>	<ul style="list-style-type: none"> The value of the ESOP and the consideration payable for the shares to be held by the ESOP ("ESOP Shares") will be the pro rata market value of the ESOP Shares (as a proportion of the total issued shares in the Merged Firm) payable by arm's length purchaser (without any discount), with such valuation to be performed, and the value of the ESOP shares to be

Design Principle	Applicable Criteria
	<p>calculated, as at the month preceding the establishment and commencement of the ESOP.</p> <ul style="list-style-type: none">• The Merged Firm must provide vendor finance if required.• If Vendor financing is required, the loan will bear interest at not less than [Confidential]• Dividend policy can provide for a “trickle” dividend (in the ratio of 40:60), i.e., at least 40% of any dividends declared will flow to Qualifying Workers during the funding term and, at most, 60% will be utilized to service the vendor financing.