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Common Market for Eastern
and Southern Africa

Staff Paper No. 2018/12/RR/01

Decision¹ of the Forty-Eighth (48th) Committee Responsible for Initial Determination Regarding the Proposed Merger Involving Tsebo Egypt Investments (Mauritius) and Compass Egypt for Hotels and Foods Services S.A.E.

ECONOMIC SECTOR: Hospitality

5th December, 2018

¹ In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

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Information and Relevant Background

1. On 6th September, 2018, the COMESA Competition Commission (the "Commission") received a merger notification for approval from Tsebo Egypt Investments (Mauritius) ("Tsebo Egypt") as the acquirer and Compass Egypt for Hotels and Foods Services S.A.E. ("Compass Egypt"), as the target.
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

The Parties

Tsebo Egypt (The Acquiring Undertaking)

4. Tsebo Egypt is registered in Mauritius. Tsebo Egypt is 100% controlled by Tsebo Solutions Group Holdings AME, which is in turn 100% controlled by Tsebo Solutions Group Holdings ("Tsebo Solutions"). Tsebo Solutions is a company established in accordance with the laws of Mauritius. Tsebo Solutions is indirectly controlled, as to 65%, by Wendel SE ("Wendel"), a French investment company, listed on the Euronext Paris, with its principal address at 89 rue Taitbout, 75009 Paris, France.
5. The Tsebo Group has operations in the following COMESA Member States: The Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Libya, Madagascar, Mauritius, Sudan, Swaziland, Tunisia, Uganda, Zambia, and Zimbabwe.

Compass Egypt (the target undertaking)

6. The parties have submitted that the target, Compass Egypt, is an Egyptian joint stock company duly incorporated under law number 159 for the year 1981 and registered with the Cairo Investment Commercial Registry Office. Compass Egypt is jointly controlled by Abu Dhabi National Hotels Company PJSC and Compass Group Secretaries Limited. Compass Egypt is involved in the provision of catering services within Egypt. Its headquarters is in Cairo, Egypt and it has a warehouse and a central processing unit in 6th October City, and it operates from over 70 locations across Egypt. Its business has developed from specialising in "offshore 7 remote services to a diversified provider serving all core sectors, including Business Industry, healthcare and education.
7. Compass Egypt has operations in one COMESA Member State namely, Egypt.

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Nature of the Transaction

8. The proposed transaction entails the acquisition of sole control by Tsebo Egypt of Compass Egypt.

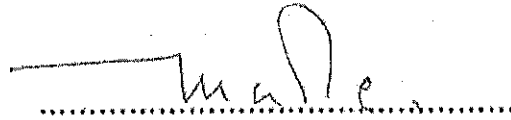
Competition Analysis

9. The CID defined the relevant product and geographic markets as follows:
- a) The national provision of location catering services; and
 - b) The national provision of facilities management services.
10. The CID observed that the transaction would not lead to a change in the market structure in both the market for the provision of location catering services and the provision of facilities management services due to the absence of a horizontal overlap in the activities of the parties. The CID therefore concluded that the transaction would not raise any competition concerns.

Determination

11. The CID determined that the merger is not likely to lessen competition in the Common Market and/or negatively affect trade between Member States.
12. The CID therefore approved the transaction.
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13. This decision is adopted in accordance with Article 26 of the Regulations.

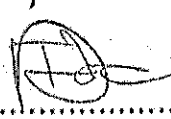
Dated this 5th of December, 2018



Commissioner Patrick Okilangole
(Chairperson)



Commissioner Brian Lungela
(Member)



Commissioner Thembelihle Dube
(Member)