



COMESA Competition Commission
Kang'ombe House, 5th Floor-West Wing
P.O. Box 30742
Lilongwe 3, Malawi
Tel: +265 (0) 1 772 466
Email- compcom@comesa.int



Common Market for Eastern
and Southern Africa

Staff Paper No. 2018/12/RR/02

Decision¹ of the Forty Eight (48th) Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Merger involving Rhône Capital L.L.C and MaxamCorp Holding S.L

ECONOMIC SECTOR: Chemical Products

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

W. De T. P. A. B. M. L.

Background

1. On 26th September, 2018, the COMESA Competition Commission (the "**Commission**") received an application for authorisation of a merger involving Rhône Capital L.L.C ("**Rhône Capital**") as the acquiring firm and MaxamCorp Holding S.L ("**Maxam**") as the target. The transaction has been notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the "**Regulations**").
2. The proposed transaction relates to an acquisition by which entities controlled by Rhône Capital will acquire joint control of Maxam by way of a purchase of shares from an entity controlled by Advent International Corporation ("**Advent**"), a global financial services company (the "**Proposed Transaction**").
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 and they meet the prescribed notification thresholds. 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

Rhône Capital-The Acquiring Undertaking

4. The CID noted that **Rhône Capital**, together with its affiliates, is a private equity firm. Rhône Capital focuses on investment opportunities in market leading, cash flow generating businesses with a pan- European or trans-Atlantic presence and expansion projects. The CID further noted that the direct acquiring entity is Prill, held as to 62% and 38% by Rhône Partners V L.P. and Rhône Offshore Partners V L.P, respectively ("**Rhône Funds**"). The Rhône Funds are controlled by their general partner, Rhône Capital V L.P., whose own general partner is Rhône Holdings V L.L.C. The sole member of Rhône Holdings V L.L.C is Rhône Capital. As such, Rhône Capital effectively controls the commercial behavior of the Rhône Funds. Rhône Capital, together with its affiliates, is not controlled by any individual or firm.
5. The CID further noted that Rhône Capital, through its indirectly controlled portfolio companies², is active, to varying degrees, in the following COMESA Member States: Burundi, DRC, Djibouti, Egypt, Ethiopia, Eswatini, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Tunisia, Uganda, Zambia, and Zimbabwe and are involved in the provision of consumables for the foundry industry, security products and services, bakery, IT education and training, and swimming pool equipment brands

The Target Undertaking-Maxam

6. The CID noted that the target undertaking, Maxam is a global technology company, specialising in the design, development, manufacture and application of energy materials. It is a leading global civil explosive and defence group founded in 1872 with headquarters

² Rhône Capital does not operate directly in COMESA, but derives turnover from the activities of the operating entities it controls. The turnover figures reflect the combined turnover of these entities.

n.p., T.P.D

²
B.M.L

in Spain. The CID further noted that Maxam is active in the following COMESA Member States: Egypt, Eritrea, Ethiopia, Eswatini, Kenya, Malawi, Mauritius, Rwanda, Sudan, Tunisia, Zambia, and Zimbabwe and is involved in the provision of:

- packaged and bulk explosives for civil applications, initiating systems, accessories thereof and related blasting and technical services and solutions. These products, services and solutions are provided to customers in a number of industries, such as mining, quarries, and infrastructure works.
- Defense material including ammunition and other defence products and systems for military use and related services.
- hunting and sport cartridges and related components such as gunpowder, primers and shell cases. It also manufactures recreational pyrotechnic products.

Nature of the Transaction

7. The proposed transaction relates to an acquisition by which entities controlled by Rhône Capital will acquire joint control of Maxam by way of a purchase of shares from an entity controlled by Advent International Corporation ("Advent"), a global financial services company (the "Proposed Transaction"). Maxam is currently jointly controlled by (i) an entity wholly owned by Advent (45%); and (ii) the "TDA Group": a number of natural persons being Maxam's current and former managers, employees and associated co-investors (55%), who hold their shares directly or through vehicle entities and who are legally bound always to exercise, collectively and jointly, their respective individual voting rights in Maxam.
8. As a result of the Proposed Transaction, the entity controlled by Advent will cease to hold shares in Maxam and entities controlled by Rhône Capital will acquire the entirety of the minority stake held by Advent's subsidiary. The remaining 55% of Maxam's share capital will remain in the hands of the TDA Group. Accordingly, Rhône Capital will, indirectly, acquire joint control of Maxam.

Competition Analysis

9. The CID defined the relevant product geographic markets market as global markets for
 - packaged and bulky explosives for civil applications, initiating systems as well as accessories used in mining, quarries, and infrastructure works;
 - ammunition and other defence products and systems for military use and related services and;
 - hunting and sport cartridges and related components such as gunpowder, primers, shell cases and recreational pyrotechnic products.
10. The CID observed that the proposed transaction is not likely to affect trade between Member States since it does not result in any change in the market structure nor foreclose competition in any of the identified relevant markets.

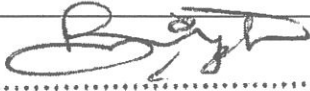
u D. T.P.D 3 B.M.L

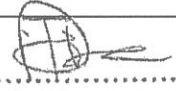
Determination

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

Dated this 7th of December, 2018


.....
Commissioner Patrick Okilangole (Chairperson)


.....
Commissioner Brian Lingela
(Member)


.....
Commissioner Thembelihle Dube
(Member)