Case File No. CCC/MER/12/43/2019

Decision\(^1\) of the Sixty-Ninth (69\(^{th}\)) Committee Responsible for Initial Determination Regarding the Proposed Acquisition of GEMS MENASA Holdings Limited by Raphael Bidco Limited

ECONOMIC SECTOR: Education

9\(^{th}\) March 2020

\(^{1}\) In the published version of this decision, some information has been omitted pursuant to Rule 13 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 Where possible, the information omitted has been replaced by ranges of figures or a general description.
Information and Relevant Background

1. On 6\textsuperior{th} February 2020, the COMESA Competition Commission (hereinafter referred to as the \textit{“Commission”}) received a notification for approval of a merger involving Raphael Bidco limited (\textit{“Raphael Bidco”}) and GEMS MENASA Holdings Limited (\textit{“GEMS”}).

2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the \textit{“Regulations”}). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the 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 (the \textit{“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

\textit{Raphael Bidco (the Acquirer)}

4. The parties submitted that Raphael Bidco is a special purpose vehicle to be used for purposes of the Proposed Transaction. Raphael Bidco has not generated any turnover in, into or from any COMESA Member State. Raphael Bidco is ultimately majority owned by CVC Funds.

5. It was submitted that the CVC Network is a global private equity and investment advisory business. The CVC network consists of CVC Capital Partners SICAV-FIS S.A (\textit{“CVC”}) and its subsidiaries, and CVC Capital Partners Advisory Group Holding Foundation and its subsidiaries, which are privately owned entities whose activities include providing investment advice to and/or managing investments on behalf of certain investment funds and platforms (\textit{“CVC Funds”}) (together, the \textit{CVC Network}). The acquiring group derives turnover in the following COMESA Member States through the CVC Portfolio Companies: Burundi, Democratic Republic of Congo, Djibouti, Egypt, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Eswatini (formerly Swaziland), Tunisia, Zambia, and Zimbabwe.

\textit{GEMS (the Target)}

6. It was submitted that the target firm, GEMS, is an international education company. It is a global advisory and educational management firm. GEMS provides pre-school, primary, and secondary education. In the Common Market, GEMS is only active in Egypt.
Nature of the Transaction

7. The parties submitted that the proposed transaction involves the acquisition of joint control by Raphael Bidco of GEMS.

Competition Analysis

8. The CID observed that there was no overlap in the activities of the merging parties pre-merger. In view of this, the CID focused on the activities of the target undertaking. The CID defined the relevant markets as the broad provision of pre-primary, primary, and secondary education services in Egypt.

9. The CID observed that the transaction would not change the market structure in the relevant markets as there would be no market share accretion. The CID further observed that the merged entity would continue to face competitive pressure from existing competitors in Egypt.

Determination

10. The CID determined that the merger is not likely to substantially lessen or prevent competition in the Common Market or any substantial part of it. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. The CID therefore approved the transaction.

11. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 9th day of March, 2020

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Commissioner Thembelihle P. Dube Nee Dlamini (Chairperson)

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Commissioner Deshmuk Kowlessur

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Commissioner Brian M. Lingela

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