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Common Market for Eastern
and Southern Africa

CCC Merger Inquiry Notice No. 16 of 2020

Notice of Inquiry into the Proposed Merger involving KLL Group Proprietary Limited and Tongaat Hulett Limited

It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations regarding the proposed merger involving KLL Group Proprietary Limited (“**KLL**”) as the acquiring firm and Tongaat Hulett Limited (“**THL**”) as the seller of a target business, intends to embark on an inquiry in terms of Article 26 of the Regulations.

The proposed transaction being notified relates to the proposed acquisition by KLL of THL's starch, glucose and animal feeds ingredients business (the “**Target Business**”) which is currently conducted as an internal division within THL. It also includes two subsidiaries of THL, namely Tongaat Hulett Starch Proprietary Limited and Tongaat Hulett Starch (Australia) (Pty) Ltd (the “**Proposed Transaction**”).

The primary acquiring firm is KLL which is ultimately controlled by Barloworld Limited. In the Common Market, the acquiring group supplies earthmoving equipment and power systems through a joint venture in the Democratic Republic of Congo and Zimbabwe; and through wholly owned subsidiaries in Malawi, Swaziland, Zambia. It also provides car rental services in eSwatini and Zambia; fleet services (in Zambia); and logistics management and supply chain optimisation in Zambia.

The Target Business produces starch, glucose and related products, using maize as the raw material in South Africa. Starch and glucose products are exported by the Target Business to the following Member States: the Democratic Republic of Congo, Malawi, Mauritius, eSwatini, Zambia and Zimbabwe.

The parties have submitted that Barloworld has undertaken extensive analysis over the last three years and reviewed multiple opportunities within its strict guard rails and returns criteria to determine its next growth opportunity. During this analysis, industries servicing the consumer foods sector, such as agri-processing, food and beverage, manufacturing and ingredient-based operations, were identified as potential acquisitions to develop and grow Barloworld's portfolio. The Target Business operates in such a sector and is a highly cash

generative, relatively asset light, defensive investment. Barloworld anticipates that the acquisition will support its strategy of improving returns in the medium term.

The Commission will, in accordance with the provisions of the Regulations, determine, among other things, whether or not the merger is likely to substantially prevent or lessen competition within the Common Market and whether the merger is or would be contrary to the public interest as provided for under Article 26 of the Regulations. In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the merging parties to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: sbooluck@comesa.int. All written representations should be sent to the Commission not later than **5th May 2020**.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Ms. Sandya Booluck, Senior Analyst, Mergers and Acquisitions** on Tel: +265 (0) 1 772 466 or sbooluck@comesa.int.

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.