

Vodacom And Vodafone Merger Approved

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The Competition Commission has recommended the approval of the proposed large merger between the Vodafone Group and the Vodacom Group, it said on Monday.

It has referred the transaction to the Competition Tribunal for approval.

Currently, Vodacom is jointly owned by Telkom SA, which holds a 50 percent stake in Vodacom, and Vodafone, which also holds 50 percent.

In terms of the proposed transaction, Vodafone will acquire a further 15 percent of the issued share capital in Vodacom from Telkom.

Vodacom will be listed on the JSE and Telkom will unbundle its remaining 35 percent shares in Vodacom to its own shareholders.

On completion of the proposed transaction, Vodafone will hold 65 percent of the issued share capital of Vodacom. The remaining shares of Vodacom will be publicly held.

Vodafone will exercise sole control over Vodacom post-merger, the commission said.

During its investigation of the proposed merger the Commission established that Vodafone did not compete with Vodacom in any of the product markets in South Africa.

"The commission is also of the view that the vertical integration between the parties is unlikely to result in any substantial prevention or lessening of competition," the commission said.

The commission contacted the merging parties' competitors and customers to solicit their views regarding the proposed transaction.

No significant competition concerns were raised by either the customers or competitors of the merging parties.

The commission's investigation revealed that there were "other credible players in the relevant markets in which the merging parties were involved."

The commission also concluded that there were "no significant public interest issues that warranted a prohibition or conditional approval of the transaction."

The Tribunal will hold public hearings into the matter on February 25 at 10am.

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