

15 March 2024

CCC Merger Inquiry Notice No. 11 of 2024

Notice of Inquiry into a Merger Involving the Proposed Acquisition by Digital Centers for Data and Communications Company of all the issued ordinary shares in CMC Investments I Limited and CMC SA Investments Proprietary 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 acquisitions by Digital Centers for Data and Communications Company (“**Center3**”) of all the issued ordinary shares in CMC Investments I Limited (“**CMC Investments**”) and CMC SA Investments Proprietary Limited (“**CMC SA**”) (collectively the “**Targets**”), intends to embark on an inquiry in terms of Article 26 of the Regulations.

The parties have submitted that Center3 owns and operates data centers and provides networking services in Saudi Arabia. Its business activities involve the provision of carrier services, internet exchange services and enterprise services. Center3 is a wholly owned subsidiary of Saudi Telecom Company (“**STC**”), a telecommunications service provider principally in Saudi Arabia and Kuwait. Within the Common Market, the acquiring undertaking operates in Egypt, Kenya, Libya, Malawi, Mauritius, Tunisia, Zambia and Zimbabwe.

The parties submitted that the Targets are Pan-African providers of wholesale connectivity services, offering managed connectivity solutions to businesses. The Targets’ business activities mainly involve the provision of connectivity to offices, public or private cloud, connecting customers’ Wide Area Network (WAN) services across Africa, Middle East, the Americas, Europe, the United Kingdom and Asia Pacific and providing networking solutions to manage increased network traffic and deliver secure network connectivity (i.e., providing SD-WAN solutions). It was submitted that the Targets are ultimately controlled by Carlyle, a multi-national private equity fund based in the United States of America. Further, neither Center3 nor STC control firms with overlapping activities in the Common Market. Within the Common Market, the Targets operate in all the Member States except for Eritrea and Sudan

The parties submitted that Center3 views the Proposed Transactions as an attractive investment opportunity, given the Targets’ knowledge and capability in the African region and their potential growth in the Middle East. The Targets have a global footprint

and customer base and a portfolio of capabilities that is complementary to Center3's digital infrastructure and connectivity assets. The Proposed Transactions exemplify Center3's strategic commitment to enter key markets with growth potential in Africa. From the Target's perspective, it was submitted that the Proposed Transactions will provide unique opportunities for growth and expansion in the Middle East, as the Targets' global footprint, knowledge, customer base and portfolio of capabilities would be complementary to the Acquirer's digital infrastructure and connectivity assets. Center3 and the Targets share a common vision of further expanding in the African market. The Proposed Transactions will bring together the strengths of both companies, fostering innovation, enhancing customer service, and providing new opportunities for growth in Africa and the Middle East.

The Commission will, in accordance with the provisions of the Regulations, determine, among other things, whether the proposed transaction is likely to substantially prevent or lessen competition within the Common Market and whether the proposed transaction 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 parties to the proposed transaction to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: akamanga@comesacompetition.org. All written representations should be sent to the Commission not later than **5 April 2024**.

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 **Mr. Ali Kamanga, Principal Analyst, Competition Division** on Tel: +265 (0) 1 772 466 or akamanga@comesacompetition.org.

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.