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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/06/23/2024

**Decision¹ of the 110th Meeting of the Committee Responsible
for Initial Determinations Regarding the Proposed Acquisition
by Dynamo NewCo of Innomotics GmbH; and Dynamo Bidco
of Innomotics LLC**

ECONOMIC SECTOR: Manufacturing (electric motor & derives)

20 October 2024

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.



The Committee Responsible for Initial Determinations,

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the “**COMESA Treaty**”);

Having regard to the COMESA Competition Regulations of 2004 (the “**Regulations**”), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the “**Rules**”);

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State,

Desirability of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States’ economies through the attainment of full market integration,

Having regard to the COMESA Merger Assessment Guidelines of 2014,

Determines as follows:

Introduction and Relevant Background

1. On 6 September 2024, the COMESA Competition Commission (“**Commission**”) received notification of a merger involving Dynamo NewCo II GmbH (“**Dynamo NewCo**”) and Dynamo US Bidco Inc (“**Dynamo Bidco**”), collectively “**Dynamo**”, or (the “**primary acquiring firms**”) and Innomotics GmbH (“**Innomotics Germany**”) and Innomotics LLC (“**Innomotics USA**”), collectively “**Innomotics**”, or (the “**primary target firms**”), pursuant to Article 24(1) of the COMESA Competition Regulations of 2004 (the “**Regulations**”).
2. The proposed transaction entails the acquisition by (i) Dynamo NewCo II of 100% of the issued share capital of Innomotics Germany; and (ii) Dynamo Bidco of 100% of the issued share capital of Innomotics USA. The proposed transactions comprise two parts of a single inter-conditional and indivisible transaction.
3. 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.

4. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.

The Parties

Dynamo (the primary acquiring firms)

5. The primary acquiring firms are newly formed acquisition vehicles created to acquire and hold shares in Innometrics on behalf of KPS Capital Partners, LP ("KPS"). Dynamo, all controllers of Dynamo, all entities controlled by the controllers of Dynamo and all entities controlled by Dynamo are collectively referred to as the ("acquiring group").
6. Dynamo NewCo is registered under the laws of Germany and has its principal place of business at: Barckhausstrasse 1, 60325 Frankfurt am Main Germany. Dynamo Bidco is an affiliate of Dynamo NewCo organised under the laws of the United States of America, which has its principal place of business at: 850 New Burton Road, Suite 201, City of Dover, County of Kent, Delaware 19904, United States. The parties have submitted that the primary acquiring firms currently have no activities in the Common Market or other jurisdictions.
7. KPS is a U.S. based private equity firm that manages the KPS Funds, a family of investment funds. KPS specializes in making controlling equity investments in manufacturing and industrial companies across various industries, including basic materials, consumer goods, healthcare, luxury products, automotive parts, and general manufacturing.
8. The acquiring group is engaged in the following activities in the Common Market, as presented in Table 1 below.

Table 1: The acquiring group entities that have activities and generate turnover from the Common Market

Member State	Name of Entity	Product/service
Egypt	PEMCO	Produces porcelain enamel frits and powders for appliances, water heaters, cookware and sanitaryware applications. It also provides functional glass enamels for automotive, architectural and container glass applications and frit-based metallurgical products, including extrusion glass and refractory glazes



	Oldcastle Building Envelope	Manufacturer, fabricator and distributor of architectural glass products and aluminium framing systems and distributes complementary branded hardware glazing supplies that serve the residential and commercial construction end-markets.
	Lufkin Industries Inc ("Lufkin")	Provides rod lift products, technologies, services and solutions, including automated control and optimization equipment and software for rod lift equipment to the oil and gas industry.
Egypt, Kenya, Mauritius, Tunisia, Uganda	Briggs & Stratton, LLC	Produces gasoline engines for outdoor power equipment, and designs, produces and supplies commercial lithium-ion batteries, power generation, pressure washer, lawn and garden, turf care and job site products.
Egypt, Kenya, Mauritius, Seychelles, Uganda	C&D Technologies, Inc.	Manufactures and markets systems for the conversion and storage of electrical power, including industrial batteries and electronics, mostly for the telecom, energy and infrastructure, renewable energy industries, as well as for data centres, critical government infrastructure, and electric vehicles.
Egypt, Kenya, Libya, Mauritius, Uganda, Zambia	Life Fitness	Manufactures and sells commercial strength and cardiovascular fitness equipment, including treadmills, ellipticals, bikes and indoor cycles, arc trainers, stair climbers and stepper machines, rowers and consoles, racks and rigs, cable machines and functional trainers, benches, storage racks, selectorized strength machines and plate loaded equipment
Kenya, Madagascar, Mauritius, and Seychelles	Eviosys Packaging Switzerland mbH	Produces food cans and ends, aerosol cans, metal closures and provides promotional packaging
Egypt, Eswatini	Primient	Produces food and industrial ingredients. It provides nutritive sweeteners, industrial starches, acidulants and other corn-derived products for various end-markets, including carbonated beverages, confectionery products, packaging applications and animal feed
Egypt, Tunisia	Speira	Produces and sells flat rolled aluminium and aluminium-alloy products. It serves predominantly



		the automotive, packaging, printing, engineering, building and construction industries.
Libya, Tunisia	Metra	Production and sale of extruded aluminium profiles and related value-added services, including painting, oxidation, machining, welding and assembly.

Innomotics (the “primary target firms”)

9. Innomotics US is a limited liability company organised under the laws of the State of Delaware, United States of America, and which has its principal place of business at: 1209 Orange Street, Wilmington, Delaware 19801, USA.
10. Innomotics Germany is a limited liability company organised under the laws of Germany, and which has its principal place of business at: Vogelweiherstrasse 1-15, 90441 Nürnberg, Germany.
11. Innomotics and the firms controlled by Innomotics are collectively referred to as the “**target group**”). Further, the target group is active in the development, production and global sale of low-voltage industrial motors, high-voltage motors and medium-voltage drives. Particularly, Innomotics is active in the development, production and sells of the following product types:²
 - (i) Low voltage motors, i.e. 100V to 1kV motors using the IEC standard (accounting for approx. [REDACTED] of Innomotics’ total global turnover in the last financial year i.e. approx. [REDACTED]
 - (ii) High voltage motors, i.e. motors exceeding 1kV (power range of 150kW to 105MW) (accounting for approx. [REDACTED] of Innomotics’ total global turnover in the last financial year, i.e. [REDACTED]; and
 - (iii) Medium voltage drives, i.e. drives exceeding 1kV (power range of 150kW to 85MW) (accounting for approx. [REDACTED] of Innomotics’ total global turnover in the last financial year, i.e. [REDACTED].
12. In addition, the parties have submitted that Innomotics provides the following accompanying project-based solutions and accompanying customer services which comprise:³
 - (i) Accompanying project-based electrification, automation, and digitalisation solutions comprising individualised motor and drive systems for demanding applications and digital solutions (accounting for approx. [REDACTED] of Innomotics’ total global turnover in the last financial year, i.e. [REDACTED]; and

² Confidentiality of information claimed by the parties.

³ Confidentiality of information claimed by the parties.



- (ii) Accompanying customer services for its motors and drives including spare parts, retrofit, maintenance and repair (accounting for approx. [REDACTED] of Innomotics' total turnover in the last financial year, i.e. [REDACTED])
13. The parties have submitted that applications of Innomotics motor and drive products are in particular in pumps, fans, compressors, blowers, mills, and crushers for industrial applications, as well as in partly commercial and heavy-duty applications in the process industries. Innomotics serves predominantly the following industries: minerals and mining, oil and gas, metals, water and wastewater, chemicals, power/energy, Heating, Ventilation, and Air Conditioning (HVAC) and food and beverage.⁴
14. Within the Common Market, the target group (through export to its customers) derived turnover/held asset values in the Democratic Republic of Congo, Egypt, Kenya, Libya, Malawi, Mauritius, Uganda, Zambia and Zimbabwe.

Legal Provisions and Assessment Tests

15. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission within 30 days of arriving at a decision to merge. Only mergers that satisfy the prescribed thresholds pursuant to Articles 23(4) and 23(5) of the Regulations are regarded as notifiable mergers. The merger notification thresholds are prescribed under Rule 4 of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation (the "**Merger Notification Thresholds Rules**") which provides that:

"Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:

- a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds COM\$ 50 million; and*
- b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds COM\$ 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State".*

16. The undertakings concerned have operations in two or more Member States. The parties' combined turnover in the Common Market exceeds the threshold of USD 50

⁴ The parties have submitted that the target group derived some additional turnover from sales of motor spindles (through the entity WEISS Spindeltechnologie GmbH), metal processing (through the entity Sykatec), services related testing application solutions and products that are purchased from third parties for system solutions in the context of medium-voltage drive sales.



million and they each derive turnover of more than USD 10 million in the Common Market. In addition, the merging parties do not derive more than two-thirds of their respective COMESA-wide turnover value within one and the same Member State. The notified transaction is, therefore, notifiable to the Commission within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

17. The parties have submitted that the proposed transaction will entail acquisition by:
 - (i) Dynamo NewCo of 100% of the issued share capital (and corresponding voting rights) of Innomotics Germany; and
 - (ii) Dynamo Bidco of 100% of the issued share capital (and corresponding voting rights) of Innomotics US.

from Siemens or the ("**Seller**").
18. The parties have submitted that the proposed transaction comprises two parts of a single inter-conditional and indivisible transaction. The parties have further submitted that neither part thereof would take place without the other and the two parts are taking place contemporaneously/concurrently/ and control is being acquired ultimately by the same acquiring group from the same seller, namely, Siemens. Therefore, after completion of the proposed transaction, Dynamo will acquire sole control over Innomotics.

Competition Assessment

Relevant Product Markets

19. The CID noted that the acquiring group specializes in making equity investments in manufacturing and industrial companies across various industries, including basic materials, consumer goods, healthcare, luxury products, automotive parts, and general manufacturing.
20. Further, the CID noted that Innomotics primarily develops, produces, and sells a range of products, including low voltage motors (100V to 1kV motors), high voltage motors (power range of 150kW to 105MW), medium voltage drives (power range of 150kW to 85MW). It also offers customized motor and drive systems, along with digital solutions that serve industries such as minerals and mining, oil and gas, metals, chemicals, power/energy, HVAC, and food and beverage industries, as well as related after-sale customer services, such as spare parts, retrofit, maintenance, and repair services.
21. Since the proposed transaction is not likely to affect the structure of the markets in which the target group operates given the parties are not in a horizontal relationship



or a vertical relationship, the CID focused its competitive assessment on the products of the target group, Innomotics.

The Manufacturing and sale of electric motors

22. Electric motors transform electrical energy into mechanical energy, providing power for various types of machinery.⁵ They are essential electrical equipment that convert electrical energy into mechanical energy, thereby driving various types of machinery and equipment. This conversion process enables electric motors to power a diverse range of applications, from small household appliances to large industrial systems.
23. Electric motors can be classified by voltage capacity as low, medium and high voltage due to distinct manufacturing processes, design specifications and applications. Such voltage classifications are essential as they establish the standards for system design, equipment specifications, and safety protocols across industries.⁶ These standardized voltage levels ensure that systems operate safely and efficiently in different regions and applications, providing consistency and reliability in both manufacturing and utility networks. Thus, low, medium, and high-voltage electric motors can be seen as separate product markets due to the divergent manufacturing processes and demand characteristics they serve.
24. From the supply side, low-voltage motors, serve a broad range of applications such as household appliances and small machinery, with manufacturers focusing on cost efficiency and energy standards. Medium-voltage motors require more specialized engineering and cater to industries like mid-sized industrial equipment and renewable energy, with production focusing on regulatory compliance. High-voltage motors, typically custom-built, serve large-scale industrial operations such as mining and power generation, demanding advanced engineering, safety standards, and with likely longer production times. However, the CID observed that many manufacturers can easily transition between low, medium, and high-voltage electric motors, as most offer products across multiple voltage ranges. For example, the target manufacturer supplies both low and high-voltage electric motors.
25. From the demand perspective, low-voltage motors tend to be in high demand for consumer goods and light industrial sectors due to their affordability, efficiency, and suitability for products like household appliances and electric vehicles, where cost and energy efficiency are key. Medium-voltage motors are needed for mid-range industrial uses such as commercial heating, ventilation, and air conditioning systems and water treatment pumps, with demand driven by the need for reliability, flexibility, and compliance with industry standards. High-voltage motors are sought after for heavy industrial applications like mining, power generation, and petrochemical

⁵ See Case No COMP/M.6222 - GE ENERGY / CONVERTTEAM, para 12.

⁶ <https://missioncriticalengineers.com/voltage-classifications/>, 31 August 2024.



processing, where they must handle large mechanical loads, operate in extreme conditions, and meet stringent reliability requirements.

26. This categorization is critical, as it affects the application and functionality of the equipment. In *KAOKV/TransCentury*⁷, the CID recalled its consideration that electrical equipment is categorized according to the voltage levels it can manage. The CID specifically recalled that though the market can be left open, electrical equipment can be classified into three main categories based on voltage: low, medium, and high voltage.
27. The CID observed that electric motors across different voltage ranges serve distinct applications and functions. As such, they can be classified into separate markets based on their voltage categories, specifically for the manufacturing and sale of low, medium, and high-voltage electric motors. The CID⁸ noted that low voltage equipment is typically used in residential and light industrial applications, such as household appliances and small machinery. Medium voltage equipment is employed in more industrial settings and infrastructure. On the other hand, high voltage equipment is essential for the upstream stages of electricity generation and transmission, where it is used to handle and transmit large amounts of electrical power. They are necessary for heavy-duty activities in industries such as oil and gas, mining, and power production, and their energy efficiency is consistent with sustainability goals.⁹
28. The CID¹⁰ also highlighted that the distinct technical characteristics and specific applications of each voltage category limit their substitutability on the demand side. This means that due to the unique requirements and uses of equipment within each voltage range, products from one category are not easily interchangeable with those from another category. This distinction emphasizes the importance of understanding the technical and functional distinctions when considering the substitutability of electrical motors in various applications.
29. The European Commission's ("EC") investigation has confirmed that, from a supply-side substitutability perspective, all major suppliers possess the capability to produce electric motors of various sizes and power levels.¹¹ Furthermore, these suppliers can readily shift their production capacity between different types of motors with ease. However, from a demand perspective, electric motors are used in a wide range of applications, including fans, blowers, machine tools, turbines, pumps, power tools, compressors, alternators, rolling mills, movers, ships, and

⁷ See Case File No. CCC/MER/04/13/2023, para 16.

⁸ See Case File No. CCC/MER/04/13/2023, para 16.

⁹ <https://www.verifiedmarketresearch.com/product/high-voltage-motors-market/#:~:text=High%20voltage%20electric%20motors%20are%20such%20motors.used%20in%20both%20the%20motors%20are%20different>, 31 August 2024.

¹⁰ See Case File No. CCC/MER/04/13/2023, para 16

¹¹ See Case No COMP/M.3809 SIEMENS / FLENDER, Para 7



paper mills¹², each requiring specific motor characteristics to meet the demands of the task. Accordingly, Motors designed for one function, such as powering fans, may not be appropriate for another application, like operating pumps, due to differences in performance requirements. For instance, motors used in fans may prioritize energy efficiency and quiet operation, while motors used in pumps may require higher torque to move fluids against pressure. This demonstrates the distinct nature and classification based on the intended end-use of the electric motor, as different applications demand varying levels of power and mechanical output.

30. Similarly, the CID considered voltage as a relevant criterion to segment the market for electric motors.¹³ Further, the EC has subdivided electrical components and systems according to their respective voltage levels, into three segments:¹⁴
- (i) Low Voltage products (<1 kV);
 - (ii) Medium Voltage products for distribution networks operating at voltages between 1 kV and 52 kV; and
 - (iii) High Voltage products for transmission networks operating at voltages between 52 kV and 800 kV.
31. The CID noted that Innomotics is engaged in the manufacturing and sale of low-voltage motors, ranging from 100V to 1kV, as well as high-voltage motors, with a power range of 150kW to 105MW.
32. Considering the above, and for purposes of this proposed transaction, the CID identified the relevant markets as **the market for low voltage motors (ranging from 100V to 1kV) and the market for high voltage motors (with a power range of 150kW to 105MW)**.

The Manufacturing and sale of electric motor drives

33. A drive is an electronic device that harnesses and controls the electrical energy sent to the motor.¹⁵ It consists of a microprocessor-based control unit and an electronic power inverter - unit, control software, and input/output connections to the process that is controlled.¹⁶ A drive plays a crucial role in controlling the operation of electric motors by providing precise regulation of speed, direction, and torque.¹⁷ It acts as an intermediary between user inputs, sensor data, and the motor, ensuring efficient and accurate performance across a wide range of applications, including industrial machinery, household appliances, and electric vehicles.¹⁸

¹² <https://lammotor.com/types-of-electric-motors/>, accessed on 2 September 2024.

¹³ See Case File No. CCC/MER/04/13/2023, para 15.

¹⁴ Case M.8678 - ABB / GENERAL ELECTRIC INDUSTRIAL SOLUTIONS, para 6.

¹⁵ <https://www.machinedesign.com/motors-drives/article/21834283/whats-the-difference-between-a-motor-and-a-drive>

¹⁶ Case No COMP/M.3809 SIEMENS / FLENDER, para 10.

¹⁷ <https://new.abb.com/news/detail/108787/electric-motor-drives>

¹⁸ Ibid.



34. The CID observed that electric motor drives can be classified by voltage as low, medium, and high.¹⁹ Low voltage drives are used in residential, commercial, and industrial applications for smaller motors, like HVAC systems and pumps. Medium voltage drives are for larger industrial processes, such as mining and oil. High voltage drives are used in heavy-duty applications, like large pumps and power generation. This categorization helps to select the appropriate motor and drive combination based on the power demand and application requirements. The CID focused its assessment on the medium voltage drives market being the market where the target group is active.
35. The CID further observed that drives can be categorised according to which motor they are used for due to the specific requirements and characteristics of each application to ensure compatibility and optimal performance. For instance, the target manufactures and supplies drives with their different end applications such as for pumps, fans, compressors, blowers, mills. This indicates that these drives can be differentiated based on their specific applications limiting demand side substitutability. However, further segmentation of the market based on end application has been considered as not necessary since the transaction is unlikely to raise concerns given that there is no overlap in the activities of the parties.
36. In line with the above, a further narrowing of the medium drives market is not necessary as any alternative market definition will not alter the competitive assessment with respect to the manufacturing and sale of drives. **Thus, the manufacturing and sale of medium motor drives is considered as a distinct market.**

Provision of after-sale services

37. After-sales service refers to the support and assistance provided to customers after they have purchased a product.²⁰ This service includes maintenance, repair, and customer support activities aimed at ensuring that machines operate efficiently throughout their lifecycle.²¹
38. After-sales services include essential maintenance and support services to customers with relevant information for the optimization of operations such matters as load factors, fuel consumption and machine operation status.²² For example, after-sale services provided by the target group include repairs/refurbishment of

¹⁹ ABB's Product Catalog – available at: <https://search.abb.com/library/Download.aspx?DocumentID=3AFE68401771&LanguageCode=en&DocumentPartId=1&Action=Launch>, accessed on 9 October 2024.

²⁰ <https://www.markt-pilot.com/en/glossary/after-sales-in-machine-manufacturing>, accessed on 28 May 2024.

²¹ Ibid.

²² https://www.apec.org/docs/default-source/publications/2015/11/services-in-global-value-chains-manufacturing-related-services/toc/chapter-4-manufacturing-of-mining-and-construction-equipment.pdf?sfvrsn=1e2419da_1, accessed on 28 May 2024.



motors and drives, off site and on-site diagnosis, ad-hoc expertise and/or coordination during maintenance activities, preventive and curative maintenance services, and spare parts and with their solutions. These services are designed to support customers throughout the lifecycle of their equipment, ensuring optimal performance and customer satisfaction.

39. The CID observed that while both drives and motors require after-sale services, the nature of those services may differ from one to the other. After-sale services for drives and motors can differ due to their distinct functionalities, complexities, and maintenance needs. For instance, after-sale services for drives includes software updates and programming assistance while after-sale services for motors may focus more on mechanical maintenance, repairs, and replacement of parts like bearings or seals. Drives' demand support focused on electronics and software, while motors focus on mechanical maintenance and repairs. However, the CID considered that further segmentation of the market is not necessary since the transaction is unlikely to raise concerns given that there is no overlap in the activities of the parties.
40. Similarly, the CID²³ has previously considered the broader after-sales service as a distinct product market. This is because customers are inclined to obtain after-sales services from the manufacturer or authorised distributors who typically provide these services. Manufacturers are preferred due to their access to genuine spare parts and the specialized tools necessary for servicing the equipment.
41. Notwithstanding the foregoing, in line with its²⁴ decisional practice and given that there is no overlap in the activities of the parties, the CID considered that the broader market for the provision of after-sale service for low and high voltage motors and drives as a distinct product market.
42. Based on the foregoing assessment and without prejudice to its approach in similar future cases, the CID determined the relevant product markets as:
 - a) the manufacturing and sale of high voltage electric motors,
 - b) the manufacturing and sale of low voltage electric motors,
 - c) the manufacturing and sale of medium voltage motor drives, and
 - d) the provision of after-sale services for electric motors and drives.

Relevant Geographic Market

43. The CID noted that manufacturers of electric motors and drives typically centralize their production in selected global locations, exporting products to various countries. For example, the target group operates manufacturing facilities in the Czech

²³ See Case No. CCC/MER/04/13/2023: Kuramo Africa Opportunity Kenyan Vehicle Ltd and Trans-Century PLC, paragraph 20 and 21, decision dated 11 March 2024.

²⁴ Ibid.



Republic, Germany, the USA, China, and Brazil²⁵, while generating revenue in the Common Market through exports to countries such as the DRC, Egypt, Kenya, Libya, Malawi, Mauritius, Uganda, Zambia, and Zimbabwe.

44. The CID observed that given that the target group's primary customers are large multinational companies capable of sourcing products internationally the relevant geographic market is much broader than the Common Market and potentially extends across the entire African continent or even having a global scope. The parties also noted that the target group does not maintain a physical presence or subsidiaries within the Common Market, despite exporting products to Member States.²⁶ For instance, Innomotics exports electrical drive systems for mining equipment such as dump trucks, excavators, and loaders to customers like Lumwana copper mine and Kansanshi Mining PLC in Zambia²⁷, Kamoto Copper Company S.A. in the DRC²⁸, and Zimbabwe Platinum Mines (Pvt) Ltd in Zimbabwe.²⁹
45. The CID further observes that the target group's major competitors with a presence in the Common Market and the ability to supply electric motors and drives globally include WEG, Wolong, SEW Eurodrive, ABB, and TECO. However, sales of electric motors and drives may also be facilitated through regional dealers, given the need for after-sales services. For example, Innomotics maintains a regional sales and customer service office in South Africa.³⁰ Based on these considerations and that the transaction is unlikely to raise competition concerns, the geographic market for the manufacturing and sale of low- and high-voltage electric motors and drives can reasonably be defined as global.
46. Similarly, the EC's market investigation³¹ has confirmed that the geographic market for these products should be defined as at least EEA-wide. This is based on the fact that customers—mainly large utilities—source products across borders, transportation costs are relatively low, major competitors operate internationally, and there are standardized EEA-wide technical requirements.

²⁵ See page 64 of Exhibit D7 of the parties' submission.

²⁶ The parties have submitted, as provided in revised Annex of the target group, that while there is no physical office in Zambia, the target group has bank accounts [REDACTED] in the country. It has [REDACTED] vehicles (whose book value is zero because they are fully depreciated) and [REDACTED] staff, and a large install base on the Barrick Luwana mine (the branch in Zambia is to facilitate the work coming from this mine). For the sake of clarity, the large install base is not owned by the target group. The target group also conducts business in Zambia regarding the Kansanshi and Kalumbila mines. It was further submitted that the target group has a project in Zimbabwe with Zimplats but no assets in country.

²⁷ <https://www.innomotics.com/hub/en/industries/mining/mobile-mining>, accessed on 8 September 2024

²⁸ <https://www.zccm-ih.com.zm/investments/mining-assets/kansanshi-mining-plc/>, and <https://www.kamotocoppercompany.com/en/>, accessed on 8 September 2024.

²⁹ <https://www.zimplats.com/>, accessed on 8 September 2024

³⁰ <https://www.innomotics.com/hub/en/za/en>, accessed on 8 September 2024.

³¹ Case M.8678 - ABB / GENERAL ELECTRIC INDUSTRIAL SOLUTIONS, para 20 and 21.



47. Based on the above, the geographic market for the manufacture and sale of low- and high-voltage electric motors and drives is likely to be global in scope as both manufacturers and sellers operate on international scale.
48. Regarding the relevant geographic market for after-sales services, it is noted that Innomotics provides a range of services including repairs, refurbishment of motors and drives, maintenance activities, preventive and curative maintenance, and the supply of spare parts as part of their comprehensive solutions.
49. Innomotics delivers after-sales services to its customers through a combination of regional service centers and local partners. The company has established regional sales and service offices in key markets to provide localized customer support, maintenance, repairs, and technical assistance. For example, their customer service office in South Africa serves the African region.
50. In areas where Innomotics lacks a direct presence, the company collaborates with local dealers or service partners who provide services such as installation, commissioning, and routine maintenance, ensuring that products function efficiently throughout their lifecycle.
51. The geographic scope for after-sales services is likely to be national, as customers typically rely on local distributors or agents for proper support. Most spare parts are exclusive to the manufacturer's or supplier's distribution network, and for complex or critical maintenance, using the supplier directly is often necessary. Even when services can be sourced from outside the territory, it is usually more efficient and competitive to rely on local agents or sellers. The CID in **SMAS/Ariozo**³² recognized that after-sales services are typically national in scope, as customers depend on local distributors or agents for timely and effective specialized services and spare parts.
52. In light of the above, the geographic market is determined as the DRC, Egypt, Kenya, Libya, Malawi, Mauritius, Uganda, Zambia, and Zimbabwe, being Member States where the target group is active.

Conclusion on Relevant Markets

53. Based on the foregoing assessment, and without prejudice to its approach in similar future cases, the CID identified the relevant markets as:
 - a) **the global market for the manufacturing and sale of high voltage electric motors,**
 - b) **the global market for the manufacturing and sale of low voltage electric motors,**

³² See Case File No. CCC/MER/04/15/2024, Paragraphs 43-45.



- c) the global market for the manufacturing and sale of medium voltage motor drives, and
- d) the provision of after-sale services for electric motor and drives in the DRC, Egypt, Kenya, Libya, Malawi, Mauritius, Uganda, Zambia, and Zimbabwe.

Market Shares and Concentration

54. The CID noted that the parties did not submit their market shares for the Common Market, citing unavailability as the reason. The CID however observed that the defined relevant market is global and therefore considered the parties' submissions of their estimated global market shares in respect of the supply of electric motors (including high voltage, low voltage and geared motors and medium voltage drives) as presented in Table 2 below.

Table 2: Estimated market share in the supply of the aggregate market for high voltage, low voltage and geared motors and medium voltage drives globally³³

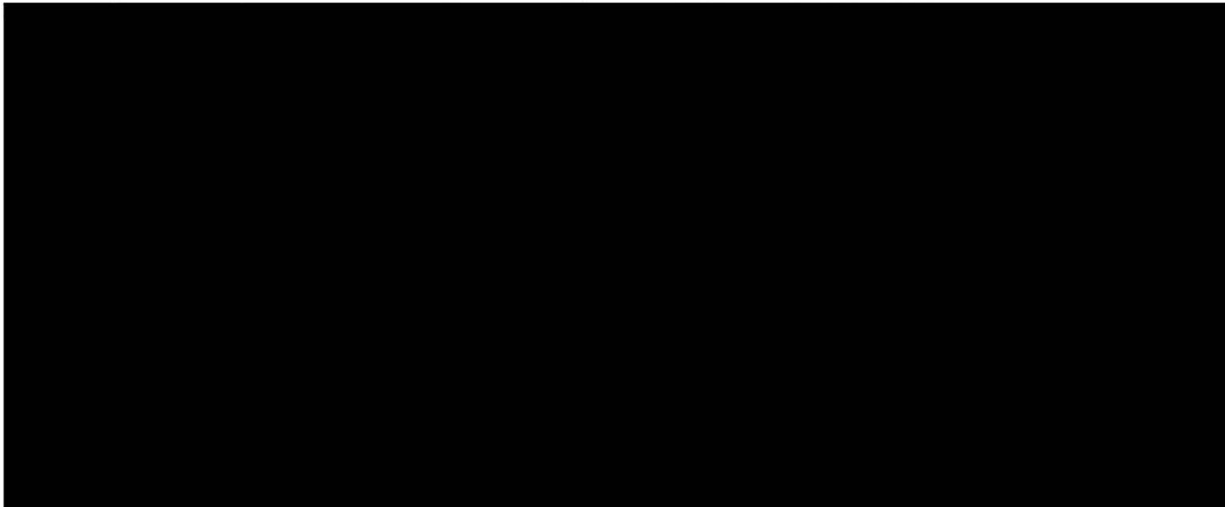
Competitors	Estimated market shares in %
Innomotics (Target group)	[5-15]
ABB Ltd	[5-15]
SEW Eurodrive	[5-15]
WEG S.A.	[0-5]
Wolong Electric group Co., Ltd	[0-5]
TECO Electric & Machinery	[0-5]
Others	[60-70]
Total	100

55. According to Table 2, the CID observed that the target group holds a [5 – 15]% market share in the broader global market for the supply of high voltage, low voltage and geared motors, and medium voltage drives, together. This is in comparison to its competitors including ABB Ltd with [5–15]%, SEW with [5–15]%, Wolong at [0–5]%, and TECO at [0–5]%, while a considerable [60–70]% of the market is distributed among various other players.
56. The CID observed that while the target group's market share in the general market for motors and drives is notable, it is relatively small when compared to the broader global market, where a significant [60–70]% is controlled by various other players. Additionally, the global market for the manufacturing and sale of low and high voltage electric motors, as well as medium motor drives, is notably fragmented. This fragmentation is demonstrated by the existence of numerous other players.

³³ Confidentiality of information claimed by the parties.



57. With respect to the specific low voltage electric motors market, the parties have submitted that Wolong/GE, Weg, ABB/Baldor, Innomatics Siemens, Wanan Motors, Regal Beloit, Yaskawa, Shandong Huali, TECO/Westinghouse, Hyundai, Leroy Summer, Hyosung, Schneider, and Nidec/Emerson were the top 14 leading global suppliers in terms of their revenue generation from 2016-2021.³⁴ It is further noted that these 14 companies collectively generated approximately EUR 8,322 million in revenue in 2021. Notably, the target group accounted for about [5 – 15]% of this total revenue.³⁵
58. On the other hand, from all global low voltage electric motors market players perspective, Innomatics (Siemens) is estimated to hold approximately [0 – 10]% market share in 2021, with an annual growth rate of approximately [0 – 5]%.³⁶ As illustrated in Figure 1 below, the target group ranks fourth position in the global low voltage electric motors market, following Wolong, WEG, and ABB.³⁷



59. The CID noted that this positioning indicates the target group's relatively modest market share compared to the top three suppliers and highlights the fragmented nature of the global low voltage electric motors market, where no single company dominates the landscape, and the market remains fragmented among several significant players.
60. This fragmentation indicates a competitive environment, with no single company commanding a dominant market share. Instead, the industry is characterized by a wide array of manufacturers, each contributing to the supply of motors and drives, making it challenging for any single entity to achieve substantial control. The CID further observed from the global market for manufacturing and sale of high voltage

³⁴ See para 25, parties' submission as Exhibit D7 – Oliver Wyman presentation, dated 31 May 2023. Confidentiality of information claimed by the parties.

³⁵ Ibid. Confidentiality of information claimed by the parties.

³⁶ See para 13 of the parties submission as Exhibit D7 – Oliver Wyman presentation dated 31 May 2023. Confidentiality of information claimed by the parties.

³⁷ Ibid. Confidentiality of information claimed by the parties.



electric motors market perspective that the global market for the high voltage motors market is a dynamic and competitive space, characterized by a diverse range of players.³⁸

61. With respect to the medium voltage motor drives market, the CID observed that the global market is fragmented with the presence of major global players who are constantly focusing on innovating new technological products, expanding their business with mergers and partnerships in the market.³⁹ The major global players Schneider Electric, Toshiba Corporation, ABB Limited, Rockwell Automation Inc. Honeywell International Inc, among others. Market driving factors such as the growing emphasis on energy conservation and efficiency across industries, alongside the increasing demand for precision power transmission in sectors like mining and oil & gas operations, propel market growth.
62. Further to the above, the CID noted that there would be no change in the market structure post-merger in view of the absence of overlaps pre-merger and further that the merged entity would continue to face competition from the existing competitors which include major global firms listed in the preceding paragraphs..
63. Regarding the aftersales market, the CID observed that a similar market share structure is likely to persist due to the exclusivity of dealerships. Given the nature of the products, it seems improbable that third-party distributors would exert significant competitive pressure. Nonetheless, since there is no pre-merger overlap between the parties, the CID therefore concluded that the transaction will not lead to any market share accretion, and thus, the market structure will remain unchanged.

Third-Party Views

64. Submissions were received from the national competition authorities of DRC, Egypt, Eswatini, Kenya, Libya, Madagascar, Malawi, Seychelles and Zambia which did not raise any concerns in relation to the transaction. This is consistent with the CID's assessment, as presented above.

Determination

65. Based on the foregoing reasons, the CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.

³⁸ <https://www.verifiedmarketresearch.com/product/high-voltage-motors-market/>, accessed on 9 October 2024.

³⁹ See at <https://www.mordorintelligence.com/industry-reports/global-medium-voltage-electric-drives-market>, accessed on 9 October 2024.



66. The CID therefore approved this transaction. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 20th day of October 2024

Commissioner Dr Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma

Commissioner Vipin Naugah

