

CompCom approves Discovery Energy Holdings acquisition of Kohler Energy

By [Lindsey Schutters](#)

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The Competition Commission has approved the acquisition of Kohler Co.'s energy business by Discovery Energy Holdings, a subsidiary of Platinum Equity, with certain conditions. This acquisition will see Platinum Equity gaining a majority stake in Kohler Energy, a US-based manufacturer of industrial energy systems, powertrain technologies, and home energy solutions.



The Kohler acquisition was announced in January.

Discovery Energy Holdings, which has been assigned a 'B' issuer credit rating with a stable outlook, is set to bolster its position in the energy sector through this acquisition.

The deal, valued at \$3.325bn and first announced in January, is expected to position Kohler Energy's leverage in the mid-4x area, with interest coverage in the mid-2x area and an EBITDA margin of around 10% in 2024.



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Kohler Energy, though boasting diversified revenue streams, faces competition from larger players in the market. These competitors typically enjoy higher profit margins and a larger market share.

To counter this, Kohler Energy is actively investing in operational improvements to enhance its competitive edge.

Conditions imposed to safeguard competition

The Competition Commission's approval is subject to specific conditions designed to ensure a fair and competitive market. These conditions include:

Protection of jobs: The merging parties have committed to safeguarding jobs in South Africa, ensuring no retrenchments occur as a direct result of the merger.

Investment and procurement: Clarke Energy South Africa, the South African arm of Kohler has pledged to make capital expenditure commitments and source goods and services from companies owned or controlled by Historically Disadvantaged Persons (HDPs).

Platinum Equity diversity

Platinum Equity, the parent company of Discovery Energy Holdings, is a United States-based investment firm specialising in mergers, acquisitions, and the operational management of businesses across various sectors. The Platinum Equity Group has a strong presence in South Africa, controlling several firms.

The Competition Commission's approval underscores its commitment to fostering a competitive market environment in South Africa. The imposed conditions aim to protect jobs and promote economic inclusion through procurement from HDP-owned businesses.

ABOUT LINDSEY SCHUTTERS

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