



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 72/LM/Jul12

015354

In the Large Merger Between:

Blue Falcon 188 Proprietary Limited

Acquiring Firm

And

**Studio 88 Clothing (Pty) Ltd, Crystal Way Trade &
Invest 1003 CC trading as Side Step and Frisbee Trade
and Invest 1161 CC**

Target Firms

Panel	:	Yasmin Carrim (Presiding Member) Andreas Wessels (Tribunal Member) Andiswa Ndoni (Tribunal Member)
Heard on	:	15 August 2012
Order issued on	:	15 August 2012
Reasons issued on	:	05 September 2012

Reasons for Decision

Approval

[1] On 15 August 2012 the Competition Tribunal ("Tribunal") unconditionally approved the merger between Blue Falcon 188 Proprietary Limited and Studio 88 Clothing (Pty) Ltd, Crystal Way Trade & Invest 1003 CC trading as Side Step and Frisbee Trade and Invest 1161 CC. Our reasons for approving the transaction are set out below.

The parties to the transaction

[2] The acquiring firm is Blue Falcon Trading 188 Proprietary Limited (“Newco”), a company registered in accordance with the laws of the Republic of South Africa, formed specifically for this transaction and as such supplies no products or services. The shareholding in Newco is held by RMB Ventures Six Proprietary Limited (“RMBV”¹) and various management members who also include the founding shareholders of the Studio 88 group of companies.

[3] The primary target firms are the businesses of Studio 88 Clothing (Pty) Ltd, Crystal Way Trade & Invest 1003 CC trading as Side Step (“Side Step”) and Frisbee Trade and Invest 1161 CC (“Frisbee”), the target firms will collectively be referred to as Studio 88. The shareholding in Studio 88 is currently held by 4 (four) private individuals.

[4] Studio 88 is an apparel and footwear retailer operating shops throughout South Africa which sells sports branded fashion products complimented by unbranded fashion products and a wide variety of high fashion footwear, accessories as well as formal apparel and branded casual wear.

The transaction

[5] The transaction entails the acquisition by Newco of the businesses of Studio 88, Side Step and Frisbee, as going concerns. The acquisitions are inter-conditional and indivisible from each other forming part of the present transaction.

[6] This transaction therefore introduces RMBV as a new shareholder and joint controller in the Studio 88 businesses.

¹ RMBV is ultimately controlled by FirstRand Limited which is involved in the provision of banking and financial services.

[7] RMBV's rationale for entering into the proposed transaction is in its normal course of business which is to undertake private equity investment in lieu of potentially attractive returns.

[8] The target group submitted that its rationale in taking part in the transaction was prompted by the exit of one of its shareholders and the desire to secure a credible financial partner to assist with the continued growth and corporatisation of the Studio 88 group.

[9] Post merger, the Studio 88 Group will be jointly controlled by an individual shareholder and RMBV.

Competition Analysis

[10] The Competition Commission ("the Commission") found that none of the products and/or services offered by the acquiring group overlap with the products and/or services provided by Studio 88. RMBV or FirstRand Limited currently has no other interests in any businesses which overlap with the target group's businesses.

[11] Further, the Commission found that there are a number of large retailers² who compete with the merged entity in the sport/lifestyle apparel and footwear market throughout South Africa and that it is a small player in the market. The competitors contacted by the Commission did not regard this transaction as a major concern.³

² Woolworths Holdings Limited, Edcon Proprietary Limited, Mr Price Group Limited, Pepkor Holdings Limited Truworths Limited, Foschini Retail Group Proprietary Limited.

³ Commission's Merger Report page 11.

[12] The Commission therefore concluded that the proposed merger is unlikely to lead to a substantial lessening or prevention of competition and recommends unconditional approval thereof.

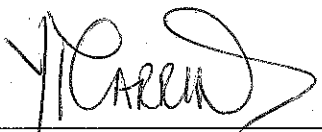
Public Interest

[13] The proposed transaction will not have any negative effects on employment as the target businesses are being acquired as going concerns. The merging parties submit that their strategy is to expand and that this could likely have positive effects on employment.

Conclusion

[14] We accept the Commission's conclusions and that there is no overlap in the activities of the merging parties and we therefore conclude that the above transaction is not likely to lead to a substantial lessening or prevention of competition in the relevant market.

[15] The above merger is therefore approved without conditions.



Yasmin Carrim

05 September 2012

Date

Andreas Wessels and Andiswa Ndoni concurring.

Tribunal Researcher: Songezo Ralarala

For the merging parties: Lerisha Naidoo and Natalie von Ey of DLA Cliffe Dekker Hofmeyr

For the Commission: Thelani Luthuli, Grace Mohamed