



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM118Aug15

In the matter between:

ACTIS 4 PPC with respect to Mahogany Cell

Acquiring Firm

And

CORICRAFT GROUP (PTY) LTD

Target Firm

Panel	: Medi Mokuena (Presiding Member)
	: Anton Roskam (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 21 October 2015
Order Issued on	: 21 October 2015
Reasons Issued on	: 4 November 2015

Reasons for Decision

Approval

- [1] On 21 October 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Actis 4 PPC with respect to the Mahogany Cell ("Actis 4 PCC") and the Coricraft Group (Pty) Ltd ("Coricraft").
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction and their Activities

Primary acquiring firm

- [3] The primary acquiring firm is Actis 4 PCC, a protected cell company incorporated under the laws of the Republic of Mauritius. Actis is advised by Actis managed fund which comprises Actis Africa 4 LP ("Actis Africa") and Actis Global 4 LP ("Actis Global"). Actis Africa and Actis Global are managed by Actis GP LLP which is advised by Actis LLP. In South Africa, the Actis Group controls a number of firms whilst Actis 4 PCC controls Compuscan Holdings (Pty) Ltd and Tekkie Town (Pty) Ltd.
- [4] The Actis Group is a global private equity investor and is active in a wide range of industries. In South Africa, the Actis Group currently holds investments in the energy, industrial, consumer and financial services sector.

Primary target firm

- [5] The primary target firm is Coricraft, a company incorporated in accordance with the laws of the Republic of South Africa. Coricraft is controlled by Westbrooke Investments (Pty) Ltd ("Westbrooke"). It controls a number of firms.
- [6] The Coricraft Group is engaged in the following activities:
- The manufacture and retail of household furniture;
 - It imports, manufactures and retails household linen and bedroom accessories; and
 - The retail of beds and mattresses.

Proposed transaction and rationale:

- [7] In terms of the proposed transaction, Actis 4 PCC will acquire 49% of the entire issued ordinary share capital of Coricraft. Post-merger, Coricraft will be jointly controlled by Actis 4 PCC.¹

¹ Coricraft's post-merger shareholding structure will be as follows: Actis 4 PCC (49%), Westbrooke (44.93%) and Kenstall Investments (Pty) Ltd (4.49%). Kenstall Investments (Pty) Ltd was a shelf company prior to the proposed transaction.

- [8] Actis 4 PCC submits that it seeks to acquire a significant share in a market leading home retailer in South Africa and that the target business has strong potential for growth. Further, as a consumer business, it provides a sound investment opportunity. The target firm submits that the proposed transaction will enable Westbrooke to realise a portion of its investment in Coricraft whilst simultaneously facilitating the company's growth post-merger.

Impact on Competition:

- [9] The Competition Commission ("Commission") considered the activities of the merging parties and found that there are no overlaps between them as the acquiring group does not hold any interests in firms that are active in the same markets as the target group.
- [10] On such basis, the Commission concluded that the proposed transaction is unlikely to substantially lessen or prevent competition in any of the affected markets.

Public interest:

- [11] The Commission found that the proposed transaction does not raise any public interest concerns.

Conclusion:

- [12] In light of the above, we agree with the Commission's analysis and conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market. In addition, no public interest issues arise from the proposed transaction.



Medi Mokuena

04 November 2015
DATE

Anton Roskam and Andiswa Ndoni concurring

Tribunal Researcher: Ammara Cachalia
For the merging parties: Shawn van der Meulen, Webber Wentzel.
For the Commission: Xolela Nokele