



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM265Jan18

In the matter between:

Main Street 1511 (Pty) Ltd

Primary Acquiring Firm

And

Roosenekal Foods Investment Holdings (Pty) Ltd

Primary Target Firm

Panel	: Andreas Wessels (Presiding Member)
	: Mondo Mazwai (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 21 February 2018
Order Issued on	: 21 February 2018
Reasons Issued on	: 5 March 2018

REASONS FOR DECISION

Approval

- [1] On 21 February 2018, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving Main Street 1511 (Pty) Ltd ("Bidco") and Roosenekal Foods Investment Holdings (Pty) Ltd ("Roosenekal"), hereinafter collectively referred to as the merging parties.
- [2] The reasons for approval of the proposed transaction follow.

Parties to the proposed transaction

Primary Acquiring Firm

- [3] Bidco is a newly established entity for purposes of the proposed transaction. It currently conducts no business activities in South Africa.
- [4] Bidco is controlled, through various offshore holding companies, by private equity investment funds that are ultimately controlled by Abraaj Holdings ("Abraaj"), a company incorporated in accordance with the laws of the Cayman Islands. Abraaj and its various subsidiaries and investments funds are hereinafter collectively referred to as the 'Abraaj Group'.
- [5] The Abraaj Group directly and indirectly controls a number of entities globally. In South Africa, the Abraaj Group manages private equity funds which control Libstar Holdings (Pty) Ltd ("Libstar").
- [6] Libstar is broadly active in the foods and services sector, namely the manufacture and distribution of food, beverage and other consumer products.

Primary Target Firm

- [7] Roosenekal is controlled by the Elaine and Selwyn Schaffer Family Trust ("Schaffer Family Trust").
- [8] Roosenekal controls Roosenekal Foods (Pty) Ltd ("Roosenekal Foods") and Roosenekal Two (Pty) Ltd ("Roosenekal Two").
- [9] Roosenekal, through its subsidiaries, trades as a KFC franchisee. Roosenekal Foods owns and operates 45 KFC stores and Roosenekal Two owns and operates 17 KFC stores. These KFC franchises are located in Mpumalanga, Gauteng, the North West and Limpopo.

Proposed transaction

[10] In terms of the *Sale of Shares and Claims Agreement*, Bidco will acquire 100% of the issued capital in Roossenekal and would therefore control Roossenekal post-merger.

Impact on competition

[11] The Competition Commission ("Commission") found no horizontal overlap between the activities of the merging parties since the Abraaj Group does not have interests in any KFC or other fast food retail operations in South Africa. The Commission therefore concluded that proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. We agree with the Commission's conclusion.

Public interest

[12] The merging parties confirmed that the proposed transaction will not result in any retrenchments or job losses.¹

[13] The proposed transaction raises no other public interest concerns.

Conclusion

[14] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Andrea Wessels

5 March 2018

Date

Ms Mondo Mazwai and Ms Andiswa Ndoni concurring

¹ Merger Record, pages 10 and 206.

Tribunal Researcher: Hlumelo Vazi

For the Merging Parties: S Van der Meulen of Webber Wentzel and M Sambo
of ENSafrica

For the Commission: I Mhlongo and Z Hadebe