

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 33/LM/May05

In the large merger between:

AVI Limited

and

A&D Spitz (Pty) Ltd

Reasons for Decision

APPROVAL

On 16 May 2005 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between AVI Limited and A&D Spitz (Pty) Ltd in terms of section 16(2)(a). The reasons for the approval of the merger appear below.

The Parties

1. The acquiring firm is AVI Ltd ("AVI"). Its shareholding is held by pension funds as to 34.41% and by mutual funds as to 24.77%. It is listed on the JSE and has no controlling shareholder.
2. The primary target firm is A&D Spitz (Pty) Ltd ("Spitz"). It is a privately owned company and does not control any other firms in South Africa.

The Merger Transaction

3. In this transaction, AVI is acquiring 60% of the issued share capital. In addition, one of the provisions of the Shareholders' Agreement states that the Spitz shareholders have granted AVI an option to purchase the remaining 40% stake in Spitz. Post-merger AVI will be in sole control of the company.

Rationale for the Transaction

4. AVI seeks to add Spitz to its stable of brands. AVI accounts for various leading branded consumer goods. They view this acquisition as being in line with their strategy to own strong brands in new consumer segments, such as branded semi-durables like this one. They are attracted to Spitz's strong portfolio of owned and licensed brands. In turn, AVI provides financial security for Spitz.

The relevant product market

5. AVI is an investment management company with interests in the manufacture and sale of various branded consumer goods. These range from fresh and frozen seafood to non-perishables to hot and cold beverages and canned goods and cosmetics.
6. Spitz has 22 retail stores throughout the country through which it sells footwear, accessories and men's clothing.
7. The parties therefore operate in fundamentally different product markets.

Competition Analysis

7. Since there is no product overlap there is no need to define any relevant market, as no market share accretion will result.

Conclusion

We conclude that the merger will not lead to a substantial lessening or prevention of competition.

The Tribunal therefore approves the transaction unconditionally. There are no public interest concerns which would alter this conclusion.

N. Manoim

20 May 2005
Date

Concurring: Y. Carrim, M. Mokoena

For the merging parties: J. Balkin, Edward Nathan Corporate Law Advisors

For the Commission: S. Nunkoo, Competition Commission