



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 019760

In the matter between:

Rockwood Private Equity Fund I

Acquiring Firm

and

Bravo Group (Pty) Ltd

Target Firm

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|-------------------|---|----------------------------------|
| Panel | : | Norman Manoim (Presiding Member) |
| | : | Yasmin Carrim (Tribunal Member) |
| | : | Mondo Mazwai (Tribunal Member) |
| Heard on | : | 27 November 2014 |
| Order issued on | : | 27 November 2014 |
| Reasons issued on | : | 23 January 2015 |

Reasons for Decision

Approval

1. On 27 November 2014 the Competition Tribunal (the "Tribunal") unconditionally approved an acquisition by Rockwood Private Equity Fund I ("Rockwood") of Bravo Group (Pty) Ltd ("Bravo").
2. The reasons for the approval of the proposed transaction follow.

The Parties and their activities

3. The primary acquiring firm is Rockwood, a South African *en commandite* partnership comprised of investors in the form of limited partners and a general partner.¹ Rockwood controls the following firms: Safripol Holdings (Pty) Ltd, Tsebo Holdings (Pty) Ltd, Enviroserv Holdings (Pty) Ltd and Kwikspace Modular Buildings Holdings (Pty) Ltd.
4. These firms are *inter alia* involved in the manufacturing of plastics, facilities and infrastructure, catering, cleaning and hygiene services, third party procurement and energy management. None of these firms operate in markets that are relevant to the present transaction.
5. The primary target firm is Bravo, a firm incorporated in terms of the laws of the Republic of South Africa. Bravo is jointly controlled by Rockwood - 49% shareholding and Bravo Manco (Pty) Ltd ("Bravo Manco") - 30% shareholding. The remaining shares are held by New Gx Investments (Pty) Ltd. Bravo controls these firms in South Africa: Bravo Group Manufacturing (Pty) Ltd and Bravo Group Properties.
6. Bravo manufactures, imports and sells a wide range of household furniture products in South Africa. It conducts its business through these three main divisions: (i) Sleep products Division - this division manufactures a wide range of bedding products including inner-spring mattresses and timber-based sets under brand names Sealy, Edblo, Slumberland and King Koil, (ii) Foil Case Goods Division - this division produces a range of foiled particle board case goods comprising of *inter alia* wardrobe, kitchen and wall units under the brand names High Point, Pat Cornick, Valenti and Victoria Lewis and (iii) Lounge Furniture Division - this division produces a

¹ Rockwood is controlled by its general named the General Partnership ("GP Partner"), a South African *en commandite* partnership. The GP Partner is in turn controlled by a trust named the Equity Investment Trust ("EI Trust") and Main Street 1267 (Pty) Ltd ("Main Street"). The EI Trust is not controlled by any firm. Main Street is a wholly-owned subsidiary of Rockwood Private Equity (Pty) Ltd ("Rockwood PE"). Rockwood PE is not controlled by any firm.

range of fabric and leather lounge furniture under the brand names Alpine Lounge, Grafton Everest, GommaGomma and Milano Décor.

Proposed transaction and rationale

7. In terms of the proposed transaction Rockwood intends to increase its shareholding in Bravo from 49% to 100%. Post-merger, Rockwood will have sole control over Bravo.
8. From Rockwood's perspective the proposed transaction is intended to align the interests of Bravo with that of its own as a private equity investor.
9. Bravo's sellers submitted that Bravo needs additional funding and support and as they are not able to provide this funding, they have decided to sell their interest in Bravo in order to make way for a more financially suitable shareholder who is capable of providing the required funding.

Competition Analysis

10. In this transaction Rockwood is increasing its stake from one of joint control to sole control. As Rockwood holds no other interests in firms in the market that Bravo operates in, the merger does not bring about any increase in concentration, only an increment in its ability to control the target firm. This in itself does not raise any competition concerns.


Public interest

11. The merging parties confirmed that the proposed transaction will have no adverse effect on employment and will not result in any retrenchments in South Africa.² The proposed transaction raises no other public interest concerns.

² See merger record, pages 9. Also see paragraph 7.1 of the Commission's merger report.

Conclusion

12. For the reasons mentioned above, we approve the proposed transaction unconditionally.



Mr. Norman Manoim

23 January 2015
Date

Ms. Yasmin Carrim and Ms. Mondo Mazwai concurring

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| Tribunal Researcher | : Ipeleng Selaledi |
| For the merging parties | : Graeme Wickins of Werksmans |
| For the Commission | : Zanele Hadebe |