

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case NO: 15/LM/Feb08

In the matter between

Main Street 615 (Pty) Ltd

Primary Acquiring firm

And

Tiger Automotive Ltd

Primary Target Firm

Panel : N Manoim (Tribunal Member); Y Carrim (Tribunal Member) and L Reyburn (Tribunal Member)

Heard on : 13 February 2008

Decided on : 13 February 2008

Reasons Issued : 20 February 2008

Reasons for Decision

Approval

[1] On 13 February 2008 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Main Street 615 (Pty) Ltd and Tiger Automotive Ltd unconditionally. The reasons appear below.

Parties

[2] The primary acquiring firm is Main Street 615 (Pty) Ltd ("Bidco"), a company incorporated under the laws of the Republic of South Africa. Bidco is a special purpose vehicle created specifically by Ethos Private Equity Fund V ("Ethos Fund V").¹ Ethos Fund V is controlled by Ethos Private Equity Fund ("Ethos").²

[3] The primary target firm is Tiger Automotive Ltd ("TiAuto"), a company incorporated

¹ Ethos Fund V controls Plumblink (SA)(Pty)Ltd ("Plumblink"); Moresport (Pty)Ltd ("Moresport") and Brandcorp(Pty)Ltd ("Brandcorp")

² Ethos currently controls Ethos Capital V GP (Jersey) Ltd ("Jersey GP") and Jersey Trusts as it is able to appoint the majority of the board, trustees and management of Jersey Trust and Jersey GP.

under the laws of the Republic of South Africa.³ Tiger Wheel & Tyre (Pty) Ltd (“Tiger Wheel”) and Yokohama Southern Africa (Pty) Ltd (“Yokohama”) are TiAuto’s active subsidiaries.

Transaction

[4] In terms of the proposed transaction Ethos Fund V, acting through Bidco intends to acquire the entire issued capital in TiAuto. The proposed transaction will be implemented by way of a scheme of arrangement in terms of section 311 of the Companies Act No.61 of 1973.

Rationale for the Transaction

[5] The parties submitted that the transaction facilitates an additional opportunity for Ethos Fund V and will enable it to expand its current portfolio of investments. According to the parties the objective of Ethos Fund V is to realise a capital return on its portfolio companies.

[6] From the target firm’s perspective, the underlying Scheme will provide TiAuto shareholders with an opportunity to realise significant value of their investment.

Parties Activities

[7] Bidco is a special purpose vehicle created by Ethos to acquire the entire issued share capital of TiAuto. Ethos is a private equity fund manager that directly or through its subsidiaries, organises and administers private equity investment funds on behalf of institutional and private investors.⁴ TiAuto is primarily involved in the retail and wholesale trading of passenger car tyres and aftermarket alloy wheels through Tiger Wheel and Yokohama.

Competition Analysis

[8] According to the Commission there is no overlap in the activities of the merging firms

³ The shareholders holding in excess of 5% of the issued shares in TiAuto are as follows: BB Investment Company (Pty)Ltd 20.24%; E.I Keizan 10.81%(individual); Coronation Fund Managers Ltd 9.75% and RMB Assets Management (Pty)Ltd 6.45%. TiAuto has about 26 subsidiaries, the majority of which are dormant.

⁴ The following are activities of Ethos’s subsidiaries: Plumblink is involved in the retailing of plumbing material and sanitary-ware through various stores in South Africa under the “*Plumblink*” and *Bathroom by Design*” brand names. Moresport is a retailer of general sports and outdoor equipment, sports outdoor foot ware and sports and outdoor apparel through three branded chain stores namely: Sportsman’s Warehouse, Outdoor Warehouse and Sports Shoe World. Brandcorp has three business divisions that supply and distribute branded and niche consumer products, being Tools & Hardware, Leisure & Accessories, and House &Home.

as the acquiring firm does not have interests in the wholesale and retail trading of passenger car tyres, alloy wheel and related products. At the hearing we were informed that although MotoQuip (a division of Brandcorp) is involved in motor accessories such as jumping cables and car mats, it does not distribute any products which are distributed by TiAuto or its subsidiaries.

Conclusion

[9] Based on the above the transaction is unlikely to result in a substantial lessening or prevention of competition. In addition, there are no public interest issues. It is therefore approved unconditionally.

Y Carrim
Tribunal Member

20February 2008

Date

N Manoim and L Reyburn concurring.

Tribunal Researcher : J Ngobeni.

For the merging parties : Webber Wentzel Bowens

For the Commission : Makgale Mohlala