



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:LM019May15

In the matter between:

DRAGO INTERNATIONAL VENTURES LIMITED

Acquiring Firm

And

ACTIVE TOPCO LIMITED

Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Yasmin Carrim (Tribunal Member)
	: Medi Mokuena (Tribunal Member)
Heard on	: 1 July 2015
Order Issued on	: 1 July 2015
Reasons Issued on	: 13 July 2015

Reasons for Decision

Approval

- [1] On 1 July 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Drago International Ventures Limited ("Drago") and Active Topco Limited ("Active Topco").
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction and their Activities

Primary acquiring firm

- [3] The primary acquiring firm is Drago, a company incorporated in accordance with the laws of the British Virgin Islands. Drago is ultimately controlled by Brait Societas Europaea ("Brait SE"), a public company listed on the Euro MTF Market of the Luxembourg Stock Exchange and on the Johannesburg Securities Exchange. Brait SE is not controlled by any firm. In South Africa, Brait SE controls Brait South Africa Holdings (Pty) Ltd ("Brait SA Holdings"), Brait Fund Investments (Pty) Ltd ("Brait Investments") and Brait IV Team Partnership GP (Pty) Ltd ("Brait IV Team").
- [4] Drago is a special purpose vehicle incorporated for the purpose of the proposed transaction and does not conduct any operations. Brait SE is an investment holding company. Its investment portfolio consists of unlisted businesses operating in the broad consumer sector.

Primary target firm

- [5] The primary target firm is Active Topco, a company incorporated in accordance with the laws of the British Virgin Islands. Active Topco is jointly controlled by VA Manco Limited ("Manco"), Darwin Holdings S.A.R.L (CVC Seller"), Virgin Group Holdings and Virgin Group Investments Limited (collectively referred to as "Virgin"). In South Africa, Active Topco controls Virgin Active South Africa Group (Pty) Ltd which in turn controls Virgin Active South Africa (Pty) Ltd ("VASA").
- [6] Active Topco's South African operations consist of a national network of 113 clubs trading under the Virgin Active brand that offer a range of fitness and wellness services.

Proposed transaction and rationale:

- [7] In terms of the proposed transaction, Drago intends to acquire the shares in Active Topco from Manco, CVC Seller and Virgin. Post-merger, Active Topco will be jointly controlled by Brait SE (80%) and Virgin (20%).¹

¹ The existing management team will be retained and will be reinvesting alongside Brait SE and the Virgin Group.

- [8] Brait SE submits that Virgin Active represents an attractive investment opportunity as it is one of the world's leading premium-focused health club operators. Active Topco submits that the proposed transaction ties in with Virgin Active's aspirations for international growth in both emerging and developed markets and will enable the company to accelerate its business strategy.

Impact on Competition:

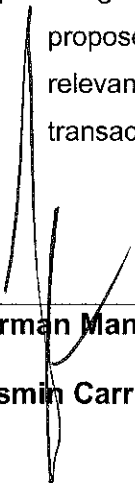
- [9] The Competition Commission ("Commission") considered the activities of the merging parties to determine whether there are any overlaps and found that there were none. Nor are there any vertical links between them
- [10] On such basis, the Commission concluded that the proposed transaction is unlikely to substantially lessen or prevent competition in the relevant market.

Public interest:

- [11] The Commission concluded that there are no public interest concerns likely to arise from the proposed transaction.

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.



Norman Manoim

13 July 2015
DATE

Yasmin Carrim and Medi Mokuena concurring

Tribunal Researcher: Ammara Cachalia
For the merging parties: Chris Charter, DLA Cliffe Dekker Hofmeyr
For the Commission: Prishani Maheeph, Xolela Nokele