



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM058Jun19

In the matter between

OMPE GP IV (Pty) Ltd

Primary Acquiring Firm

And

Footgear Holdings (Pty) Ltd

Primary Target Firm

Panel	: Mr E Daniels (Presiding Member)
	: Ms Y Carrim (Tribunal Member)
	: Prof. I Valodia (Tribunal Member)
Heard on	: 31 July 2019
Order Issued on	: 31 July 2019
Reasons Issued on	: 21 August 2019

REASONS FOR DECISION

Approval

- [1] On 31 July 2019, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction in terms of which OMPE GP IV (Pty) Ltd ("OMPE") is acquiring control over Footgear Holdings (Pty) Ltd ("Bidco").
- [2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

- [3] The acquiring firm, OMPE is acting in its capacity as the general partner of OMPE Fund IV, a private equity investment holding company. OMPE and OMPE Fund IV are ultimately controlled by Old Mutual Ltd (“Old Mutual”).
- [4] OMPE Fund IV holds interests in several entities, but of relevance to the proposed transaction is its controlling interest in Alderbalm Trading (Pty) Ltd (“MoreCorp”). OMPE, OMPE Fund IV, its controllers and all the firms under their control will collectively be referred to as the Acquiring group.
- [5] The Acquiring group is a private equity investment holding company with controlling and non-controlling interest in unlisted businesses. The activities relevant for competition analysis in this transaction are those of MoreCorp. MoreCorp is active in the supply of technical golf and cycling footwear (and ancillary equipment).
- [6] The target firm is Bidco, a special purpose entity established for the purpose of the proposed transaction. It is intended that Bidco will wholly own Footgear (Pty) Ltd (“Footgear”), a retailer of footwear. Footgear’s shoe offering includes casual, running and hiking footwear. Footgear carries brands like Nike and Adidas among other brands.
- [7] Bidco and Footgear are collectively referred to as the “Target group”.

Proposed transaction and rationale

- [8] The proposed transaction is intended to be effected in a series of steps that include share exchanges, and will ultimately result in the acquisition of a 60% shareholding in Bidco by OMPE. Post-merger, OMPE will acquire indirect sole control of Footgear through Bidco.¹

Impact on competition

- [9] The Competition Commission (“Commission”) found that the proposed transaction does not present a horizontal overlap. This is because the Acquiring group supplies technical footwear that is made specifically for playing golf and cycling, whereas the Target group’s offering is only limited to general and casual footwear. The Target group’s footwear offering is therefore not substitutable to that of the Acquiring group.² The Commission further found that the proposed transaction does not present any overlaps. The Commission

¹ See pages 50 and 51 of the Merger Record.

² See Hearing Transcript, page 3 lines 8-9.

therefore concluded that the proposed transaction will not result in a substantial lessening or prevention of competition in any market, and thus recommended an unconditional approval.

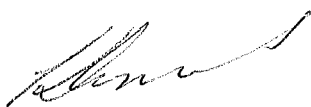
[10] We find no reason to disagree with this finding.

Public interest

[11] The proposed transaction does not raise any public interest concerns.

Conclusion

[12] 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 unconditionally approve the proposed transaction.



Mr Enver Daniels

21 August 2019

Date

Ms Yasmin Carrim and Prof. Imraan Valodia concurring.

Tribunal Case Manager : Kgothatso Kgobe

For the Merging Parties : S Meyer and of Cliffe Dekker

For the Commission : Z Sokopase and W Gumbie