



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM168Nov16

In the matter between:

MAIN STREET 1438 (PTY) LTD
and

Primary Acquiring Firm

LITTLE GREEN BEVERAGES (PTY) LTD

Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Norman Manoim (Tribunal Member)
	: Andreas Wessels (Tribunal Member)
Heard on	: 15 December 2016
Order Issued on	: 15 December 2016
Reasons Issued on	: 19 January 2017

Reasons for Decision

Approval

[1] On 15 December 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Main Street 1438 (Pty) Ltd and Little Green Beverages (Pty) Limited.

[2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

[3] The primary acquiring firm is Main Street 1438 (Pty) Ltd ("Main Street"), a special purpose vehicle ("SPV") established for the purpose of the proposed transaction.

[4] Main Street is a wholly-owned subsidiary of Main Street 1457 (Pty) Ltd ("New HoldCo"), which is turn a wholly owned subsidiary of Ethos Private Equity Fund VI ("Ethos Fund VI").

[5] Ethos Fund VI and its subsidiaries will be referred to as the Acquiring Group.

Primary target firm

[6] The primary target firm is Little Green Beverages (Pty) Ltd ("LGB"), a company incorporated according to the laws of South Africa. LGB is controlled by BOE Private Equity Investments (Pty) Ltd ("NPE").

[7] NPE is controlled by Nedbank Limited, which is in turn controlled by Old Mutual plc ("Old Mutual").¹

[8] Old Mutual and its subsidiaries will be referred to as the LGB Group.

Proposed transaction and rationale

[9] In terms of the proposed transaction the Acquiring Group, acting through Main Street, will acquire 100% of the issued shares and claims of LGB. Thereafter, the businesses of LGB will be acquired by a new wholly-owned subsidiary of Main Street, namely Main Street 1439 (Pty) Ltd ("New Opco") and LGB will be wound up.

[10] The Acquiring Group submits that the proposed transaction represents an attractive private investment opportunity.

[11] LGB Group submits that the proposed transaction represents an opportunity for an investment in its business to facilitate growth and expansion for the LGB Group.

Impact on competition

[12] The Acquiring Group is a private investment fund that comprises of various local and foreign investors. In South Africa, Ethos Fund VI has a shareholding in a number of firms. Of relevance to this transaction is its shareholding in Neopak (Pty) Limited ("Neopak"), which is a manufacturer of corrugated packaging.

¹ OLD Mutual is not controlled by any firm.

- [13] LGB Group and its subsidiaries are involved in the production, packaging and distribution of branded private label beverage in Southern Africa.²
- [14] The Commission considered the activities of the merging parties and found that there is a vertical overlap. Neopak, which is a subsidiary of the acquiring firm, produces corrugated packaging products which is used by LGB Group as layers and trays for its canned products. However, LGB submits that while it has recently purchased samples from Neopak for trial purposes, it has no intention to shift its procurement to Neopak completely and will continue to purchase from existing suppliers provided that they are able to meet LGB's price and quality requirements. Should LGB procure layer pads from Neopak in future, this will be on an arm's length basis.
- [15] On this basis, the Commission concluded that the merger is unlikely to result in input or customer foreclosure.
- [16] Furthermore the Commission submits that the proposed transaction will not give rise to any horizontal overlap as the merging parties do not compete in any relevant market in South Africa.
- [17] Accordingly, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition within the relevant market.

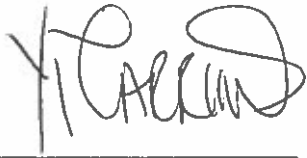
Public interest

- [18] The merging parties confirmed that the proposed transaction will have no negative effect on employment.
- [19] The proposed transaction further raises no other public interest concerns.

Conclusion

- [20] 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

² LGB brands include Refreshhh!, Soda T and Dokta on behalf of Masscash. LGB also produces 19 different flavours in various pack sizes.



Ms. Yasmin Carrim

19 January 2017
DATE

Mr Norman Manoim and Mr Andreas Wessels concurring

Tribunal Researcher: Busisiwe Masina

For the merging parties: Shawn van der Meulen of Webber Wenzel.

For the Commission: Thabelo Masithulela