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**Common Market for Eastern  
and Southern Africa**

**CASE FILE No. CCC/MER/03/02/2015**

**Decision<sup>1</sup> of the Sixteenth Meeting of the Committee of Initial  
Determination Regarding the Proposed Merger between Steinhoff  
International Holdings Limited and Pepkor Holdings Proprietary Limited**

**ECONOMIC SECTOR: Retail**

**29<sup>th</sup> July 2015 – Lilongwe, Malawi**

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<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

## **Information and Relevant Background**

1. On 19<sup>th</sup> March, 2015, the COMESA Competition Commission hereinafter referred to as ("the Commission") received an application for approval of a transaction involving the proposed acquisition by Steinhoff International Holdings Limited hereinafter referred to as (Steinhoff) of Pepkor Holdings Proprietary Limited hereinafter referred to as (Pepkor)
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations hereinafter referred to as ("the Regulations"). Under this provision the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition; or would be contrary to public interest in the Common Market pursuant to Article 26 of the Regulations.
3. The Committee of Initial Determination hereinafter referred to as ("the CID") noted that the parties operate in two or more COMESA Member States. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) of the Regulations are satisfied and asserts jurisdiction of the Commission to assess the transaction.

## **The Parties**

### **Steinhoff International Holdings Limited**

4. Steinhoff has its principal address at 28 6<sup>th</sup> Street, Wynberg, Sandton, South Africa 2090. Steinhoff is a public company listed on the Johannesburg Stock Exchange (JSE). It is an integrated retailer that manufactures and retails furniture and household goods in Africa, Europe and the Pacific Rim. In the Common Market, the company is involved in the supply of furniture and household goods in Swaziland under the 'BRADLOWS' brand and Zambia under the 'HIFI-Corp' brand.

### **Pepkor Holdings Proprietary Limited**

5. Pepkor has its principal address at 36 Stellenberg Road, Parow Industria, South Africa 7493. The company manages a portfolio of retail chains operating in 16 African countries, Eastern Europe and Australia. Its main retail brands are primarily focused on the discount and value market segments but also include some speciality and service brands.
6. The product range of Pepkor include clothing, accessories, footwear and apparel; homeware such as textiles and blankets, décor items, outdoor goods, kitchen and bathroom utensils and household software/hardware; mobile airtime, handsets and accessories; and financial services. In the Common Market, Pepkor operates in Malawi under the PEP brand; Swaziland under the PEP, ACKERMANS and DUNNS Brands; Zambia under the PEP brand; and Zimbabwe under the POWER SALES brand.

## **Nature of the Transaction**

7. In accordance with the business agreement entered into by the parties, Steinhoff will, through a series of transaction steps, acquire 92.3% shareholding in Pepkor and a 100%

shareholding in Newshelf. The remaining 7.7% shareholding will be held by Pepkor management.

### Competition Analysis

8. After taking into account the dynamics of the relevant market, in the Common Market the CID concluded that the transaction does not raise competition concerns. The CID established that the transaction does not raise foreclosure concerns and hence it is highly unlikely that the merger will result in an appreciable effect on trade between Member States.

### Determination

9. The CID determined that the merger does not substantially prevent or lessen Competition and is compatible with the Treaty Establishing the Common Market. The CID therefore decided to approve the transaction.
10. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 29<sup>th</sup> day of July, 2015.



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**Commissioner Matthews Chikankheni (Chairman)**



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**Commissioner Thabisile Langa (Member)**



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**Commissioner Patrick Okilangole (Member)**