

MEDIA RELEASE

30 October 2014

Commission approves Coricraft's acquisition of Dial-a-Bed with conditions

The Commission, on 29 October 2014, approved the acquisition of Dial-a-Bed by Coricraft Group (Pty) Ltd ("Coricraft") with conditions meant to address possible employment effects. Dial-a-Bed is a division of Ellerine Furnishers (Pty) Ltd ("Ellerines"), an indirect subsidiary of African Bank Investments Limited ("ABIL").

Ellerines is financially distressed and currently in business rescue proceedings. The parent company of Ellerines, ABIL, was also placed under curatorship on 10 August 2014 given its own financial troubles. The sale of Dial-a-Bed is as a result of the business rescue process, wherein the business rescue practitioners believe that the sale of Ellerines' assets, brands or divisions may yield a better outcome than an immediate liquidation.

Coricraft is active in the broad furniture market, including the sale of bed sets, mattresses and bed accessories. Dial-a-Bed is a specialist supplier of bed sets and mattresses. Therefore, the proposed transaction presents a horizontal overlap with respect to the sale of bed sets, and mattresses.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the sale of bed sets and mattresses in South Africa. This is because there are a number of players that will continue to constrain the merged entity, thus presenting alternatives to customers.

The Commission also considered the effect of the proposed transaction on employment. Dial-a-Bed employs about 200 employees in its stores, 18 of these employees are employed in stores which have been identified by Ellerines as non-viable stores. Taking into account that the parent company of Dial-a-Bed is facing possible liquidation, such would result in the retrenchment of the entire workforce of Ellerines (approximately 7 060) thus affecting the current employees of Dial-a-Bed. Considering these circumstances, the Commission found that the proposed transaction offers an opportunity to save jobs.

Despite the job savings brought about by the proposed transaction, Coricraft has identified 18 employees in the non-viable stores who might be negatively affected. In this regard, Coricraft has made an undertaking to offer employment to these employees.

"This transaction saves a substantial number of jobs and provides certainty for the affected employees. In addition, the Commission imposed conditions to address potential job losses", says acting Deputy Commissioner, Hardin Ratshisusu.

Also as part of the business rescue process, the Commission has received another merger in which Lewis plans to acquire some of Beares stores.

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For more information:

Mava Scott, Spokesperson

012 394 3527/ 076 095 2350/ MavaS@compcom.co.za

Themba Mathebula, External Communication Coordinator

012 394 3325/ 084 896 0860/ thembama@compcom.co.za