



MERGER NOTICE NO 18: 2015

THE PROPOSED ACQUISITION OF 51% OF THE ISSUED SHARES IN RETAIL GROUP (PTY) LTD BY FAMOUS BRANDS MANAGEMENT COMPANY (PTY) LTD

Pursuant to section 56(1) of the Competition Act (Cap 46:09), the Competition Authority has received a merger notification between Retail Group (Pty) Ltd and Famous Brands Management Company (Pty) Ltd. In terms of the proposed transaction, Famous Brands Management Company will acquire 51% of the issued shares in Retail Group.

Famous Brands Management Company, the acquiring enterprise, is a private company registered in the Republic of South Africa. It is a wholly owned subsidiary of Famous Brands Limited (a public company registered in South Africa, listed on the Johannesburg Stock Exchange (JSE), the ultimate controller of the Famous Brands Group of companies. Famous Brands is a franchisor to numerous franchisees across a range of well-known restaurants.

These ranges of restaurants include both quick service restaurants as well as more upscale restaurant chains across a variety of value levels. Famous Brands is operational in South Africa, United Kingdom, Dubai and is predominantly found in sub-Saharan Africa. Famous Brands portfolio restaurants operating in Botswana include: Wimpy, Debonairs Pizza, Milky Lane, Steers, Mugg & Bean, Fego Café and Europa.

On the other hand, the primary target enterprise (Retail Group) is engaged in two related but distinct lines of business. Firstly, Retail Group acts as master licensee (or master franchisee) with respect to certain Famous Brands restaurant portfolios (9 Wimpy outlets) in Botswana. Here, Retail Group effectively acts as the franchisor, on behalf of Famous Brands in the territory. Retail Group therefore identifies third parties as prospective franchisees and facilitates the conclusion of franchise agreements with them, effectively fulfilling the role of franchisor. Secondly, Retail Group itself operates certain franchises which fall within the restaurant portfolios (2 Wimpy outlets, Debonairs Pizza, Milky Lane, and Mugg & Bean restaurant.)

According to section 57(3), of the Competition Act, “any person, including a third party not a party to the proposed merger, may voluntarily submit to the inspector or the Authority any document, affidavit, statement or other relevant information in respect of a proposed merger”.

The Competition Authority therefore seeks any stakeholder views for or against the proposed merger, which may be sent within 10 days from date of this publication to the following address:

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