



THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF SUPER FOAM LIMITED BY MAMMOTH FOAM AFRICA

1. The Competition Authority of Kenya (CAK) has **unconditionally** approved Mammoth Foam Africa's proposed acquisition of 100% of Super Foam Limited's issued share capital.
2. Mammoth Foam Africa (Mammoth), the acquiring undertaking, is incorporated in Kenya and majority owned by Catalyst Mattress Holdco, a subsidiary of Catalyst Fund I.
3. Mammoth was incorporated as a Special Purpose Vehicle for the sole purpose of the proposed transaction and is not involved in any business activity locally.
4. The Fund, which intends to provide financial support to the target, is a private equity fund management outfit owned by Catalyst Fund LLC, a holding company with investments/subsidiaries across Sub-Saharan Africa.
5. Super Foam Limited is incorporated in Kenya and is involved in the manufacture, distribution and sale of mattresses, duvets, pillows and other bedding material.
6. The proposed transaction involves the acquisition of 100% shareholding in Super Foam by Mammoth. This will result in the establishment of control over the target business of the target by the acquirer. Therefore, the transaction qualifies as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
7. The combined turnover of the parties is over Ksh. 1 Billion for the preceding year



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and thus the transaction meets the threshold for notification as provided in the Merger Threshold Guidelines.

8. For the purposes of the analysis of the transaction, the relevant product market was defined as the market for mattresses as defined by the target's activities. The target's products are available across the country and, therefore, the relevant geographical market is national.
9. The Authority determined that there are two types of foam mattresses - those made from natural fiber and synthetic ones. At the moment, there are over twenty (20) mattress makers in Kenya.
10. Only five of these mattress makers in the country manufacture their own foam. The rest either import the critical raw material or purchase it from the local manufacturers.
11. Bobmil is the leading mattress maker with a market share of over 60%. The rest of the market is unevenly split among the other market players that include among others, Rongai Mattresses Limited, Trans-mattresses Limited, Tusker Mattresses, Slumberland, Foam Mattresses Limited - Kisumu, Kemta Manufacturers Limited, Tufoam Mattresses Limited, Silent Night Kenya Limited, African Foam Industries Limited and Super Foam.
12. From the foregoing, it is the Authority's view that the post-merger market structure and concentration will not change and that the proposed transaction is unlikely to negatively affect competition in the mattresses market locally since the acquirer is not in similar business and the target has minimal market share.
13. Further, with regard to public interest issues, it is the Authority's view that the proposed transaction is unlikely to lead to any negative public interest concerns.
14. Catalyst Fund is seeking to capitalize the target, an investment which has the potential of expanding its manufacturing activities and possibly create more employment opportunities.
15. The proposed acquisition of 100% of the issued share capital of Super Foam

Limited by Mammoth Foam Africa was therefore approved unconditionally.

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