

# Acquisition of Pepkor's John Craig saves 400 jobs

The Competition Tribunal has approved the sale of Pepkor menswear chain John Craig to Johannesburg-based Blue Falcon 188 Trading, saving 422 jobs. Under the terms of the merger, Blue Falcon will acquire certain portions and assets of the John Craig business, which is a division of Pepkor Speciality.



Credit: Terje Sollie via Pexels

John Craig is a 73-year-old chain that mainly sells smart and formal men's apparel including chinos, formal footwear, jackets, knitwear, coats and suits. It owns an in-house label, Muratti, which has been specifically designed for the John Craig customer and is the largest retail stockist of the Polo brand in South Africa.

John Craig has been wholly owned by Pepkor since 2006, and fell under the Pepkor Speciality division in recent years. Late last year Pepkor announced plans to sell the chain. The latest transaction is taking place against the background of several John Craig store closures and staff retrenchments due to financial difficulties faced by the transferring business.

Independent retailer Blue Falcon owns Studio 88, an athleisure-focused chain comprising approximately 270 stores. Studio 88 sells international sporting, leisure and lifestyle brands – including Adidas, Ellese, Puma, Converse, Nike, Guess, Superga and Levi – to various emerging market consumer segments throughout Sub-Saharan Africa.



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## Moratorium on retrenchment

The tribunal said in a release that the 422 employees of the transferring business will be transferred to Blue Falcon in line with the provisions of section 197 of the Labour Relations Act. This excludes certain executives who have concluded "opt-out" agreements and voluntary separation agreements with Pepkor Speciality.

Blue Falcon will not retrench any employees as a result of the merger for a period of two years from the merger's implementation date.

In terms of the merger conditions, both Blue Falcon and Pepkor Speciality should give preference to eligible John Craig employees, who lost their jobs as a result of store closures, when new vacancies become available, for a period of two years from the implementation date of the merger. Internal vacancies must also be communicated to the affected former employees.

In addition, Blue Falcon and Pepkor Speciality must establish a database of the former employees and make this database available within Pepkor Speciality and John Craig for the purpose of availing employment opportunities to them.



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## Local procurement

The Department of Trade, Industry and Competition earlier raised a concern about the effect of the transaction on local procurement i.e., whether the John Craig stores will maintain the same ratio of procurement of apparel products from South African manufacturers.

Blue Falcon, as the acquiring firm in this transaction, has therefore agreed to a condition that it will use its best efforts to procure the labels it intends to offer at the John Craig stores from local manufacturers. The merger parties will be required to provide the Commission with detailed reports annually, for a period of two years, regarding their compliance with the conditions.

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