



Press Release

July 20, 2020

Investigations into Abuse of Buyer Power in the Retail Sector

Investigations by the Authority into Abuse of Buyer Power incidences within the retail sector focusing on twenty-five (25) mid and large retailers, and which commenced in late April 2020, determined that four (4) retailers had delayed payments to their **local suppliers** for a period **exceeding ninety (90) days**.

Three (3) of the four (4) retailers, upon engagements with the Authority, presented payment plans which are being honored as agreed, thereby progressively reducing their debt portfolio as confirmed through compliance checks.

Further, the Authority issued Prudential and Reporting Orders to Tusker Mattresses Limited (Tuskys), requiring it to submit records revealing the full extent of debt owed, financial statements and records, sales forecasts, among others.

The Authority further required Tuskys to submit a debt settlement plan for all debt owed to suppliers over ninety (90) days, and commence honoring its commitments, while prioritizing distressed suppliers and those supplying FMCGs.

Over the past 30 days, the Authority has held **four (4) meetings** with Tuskys to review the documentation submitted and interrogate its proposed debt settlement plan. Tuskys has provided documents indicating that it made payments to suppliers amounting to **Ksh2.77 Billion in June 2020** as per the Authority's order.

Tuskys has gone further to communicate to the Authority that it has negotiated for moratoriums and extensions of its facilities with its lenders and that it was in talks with key suppliers to ensure continuation of supplies.

In addition, the shareholders of Tuskys have communicated that they are also exploring other funding options, including seeking a strategic investor **by July 31, 2020**.

The Authority took note of these initiatives and has thereof committed that, if the retailer opts to seek a strategic investor, the Authority shall **within fourteen (14) days**, and in accordance with the provisions of the Competition Act, consider and issue a determination upon submission of a merger/acquisition application.

In regard to the presented debt settlement plan, and cognizant of the retailer's prevailing circumstances, the Authority is amenable to the plan presented that will result in all suppliers' outstanding invoices progressively settled **over a period of four (4) months**.

The Authority shall conduct **compliance checks on a weekly basis** to ensure adherence to the presented debt settlement plan.

Lastly, as **the Authority continues to interrogate** the financial statements, and management accounts availed by Tuskys, we call upon suppliers who may be aggrieved, and have not presented their matters to the CAK, to continue doing so. This will enable the Authority establish Tuskys' accurate debt portfolio.

Ends