

TFG to buy Coricraft and Volpes owner in R2.35bn deal

Fashion and lifestyle retail group TFG has entered into an agreement with Tapestry Home Brands (Tapestry), a prominent home furnishings group, to acquire the entire share capital of Tapestry for a cash purchase consideration of R2.35bn, representing around 5% of TFG's market cap.



Volpes store. Source: Supplied

The proudly South African Tapestry group is a direct-to-consumer, vertically integrated designer, manufacturer and omnichannel cash retailer servicing customers' sleeping and living needs. The group includes popular made-to-order furniture retailer Coricraft, branded bedding retailer Dial-a-Bed, value bedding retailer The Bed Store and home textile retailer Volpes.

According to TFG, which owns retail brands including Markham, Foschini and @home, the acquisition will augment TFG's current @home business which offers premium home textiles, kitchenware, décor and furniture in the middle to upper segments as well as Jet Home which offers value fashionable homeware.

Following the acquisition, TFG Home Division will have nine Home consumer brands (@home, @homelivingspace, JetHome, Coricraft, Volpes, Dial-a-Bed, The Bed Store, Granny Goose, and Biggie Best), and four vertically integrated factories (mattresses, upholstered furniture, household textiles, duvets and pillows). TFG will also have an expanded distribution network and its own last-mile furniture delivery and assembly service.



Dial-a-Bed store. Source: Supplied

With this acquisition, TFG will add the almost 2,500 Tapestry employees to its own complement of more than 27,500 employees in South Africa, and a further three manufacturing facilities to the growing TFG local production footprint.

Fast-growing home furnishings sector

Tapestry was established in 2005 and has grown from 12 to 172 stores across South Africa, Namibia and Botswana, with significant runway for further expansion.

TFG stated that Tapestry Brands' unique business model, with easily scalable local manufacturing and distribution capabilities, is an excellent strategic fit within TFG's Home division, which has become increasingly vertically integrated following the recent acquisition of Cotton Traders manufacturing and Granny Goose premium bedding.



TFG buys Granny Goose and manufacturer Cotton Traders

30 Sep 2021



"This is an exciting opportunity of scale to acquire a prominent player in the fast-growing consumer home furnishings sector while unlocking manufacturing and distribution synergies with adjacent brands in the TFG stable," said TFG CEO Anthony Thunström.

"The Tapestry brands are well positioned for accelerated growth in omnichannel retailing and will particularly benefit from

TFGs leading capability in this area. Furthermore, those brands have solid plans in place to take full advantage of the strong tailwinds and favourable consumer trends in the home furnishings sector.

“Lead indicators for this sector include listings of homes for sale, with around 400,000 currently up for sale on top online portals, and actual sales of around 50,000 a month. This creates multiple homeware and furnishings opportunities – in the kitchen, bedrooms, living rooms, and outdoor spaces,” said Thunström.

Thunström added, “Beyond their own robust growth plans and the potential to roll out more store footprint, one particular example being the Volpes business, we see further opportunities to grow these businesses by integrating them into our TFG e-commerce ecosystem, with our 26 million-strong customer base, and adding credit facilities to their offering, while augmenting the local manufacturing capability of the TFG group.”



TFG snaps up SA startup Quench

3 Dec 2021



Investment in homeware and local manufacturing capability

Thunström said TFG remained confident and committed to investing in South Africa despite the July unrest and rioting of last year.

Shani Naidoo, TFG group director for the Homeware Division, added “We are delighted to have reached agreement on the acquisition and look forward to bringing our consumers more choice and customisation across the TFG stable, as we bring our scale to bear in growing the Tapestry businesses.

“This R2.35bn investment in our homeware and local manufacturing capability is strongly aligned to the government’s furniture masterplan. We will continue to work to support Minister Patel’s plan to grow employment, develop skills and reindustrialise the sector. Our intention is to grow the Tapestry brands aggressively and thereby create new jobs in the business.

“The Tapestry group and its management team have implemented a unique, highly cash generative business model with excellent historic returns. The highly regarded management team, headed up by former Nando’s South Africa managing director Kevin Utian, will continue in their roles to ensure continuity. The ability to increase capacity and improve profitability with limited further capital expenditure was an attractive proposition for TFG,” said Naidoo.



Hopes of recovery for SA furniture manufacturers as retailers expand local sourcing

10 Dec 2021



Martin Sacks, executive chairman of Westbrooke Group, which is the lead shareholder of Tapestry Home Brands, said the company had an excellent management team and could not have wished for a better home than TFG. He said that the Tapestry brands’ reputation for delivering quality, personalisation, style and value, and nationwide last-mile distribution capabilities, have secured steady growth both in-store and online, alongside strong historic profitability.

Implementation of the agreement is subject to the fulfilment of standard conditions for a transaction of this nature, including approval by the relevant Competition Authorities.

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