

18 December 2025

The Registrar
Commerce Commission
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Godfrey Hirst/Bremworth – Response to Godfrey Hirst comments on Cowes Bay Group submission

1. We refer to the Chapman Tripp comments (on behalf of Godfrey Hirst) published on the Commission's website on 11 December 2025. The comments were made in response to Cowes Bay Group's submission on the Commerce Commission's Godfrey Hirst/Bremworth Statement of Preliminary Issues.
2. The aggressive and dismissive response demonstrates why it is crucial for the Commission to independently and fully test the claims made by Godfrey Hirst in deciding whether to grant clearance for the proposed acquisition.
3. In light of the short timeframe before the Commission makes a decision on whether to proceed to the Statement of Issues stage, we have not responded comprehensively to all of Godfrey Hirst's assertions. However, we consider that it is important to clarify the following aspects at this stage:
 - (a) Godfrey Hirst seeks to discredit the background and experience of the Cowes Bay Group and its principal Kim McKendrick, in a weak attempt to bolster its unsupported claim that there is no likely alternative sale to Cowes Bay Group or any other party.

We record that the McKendrick family has a long history in the carpet industry in New Zealand. At the time of Godfrey Hirst's sale to Mohawk, Godfrey Hirst was acknowledged as the leading flooring company in Australasia. The media release dated 20 November 2017 attached as Appendix M to Godfrey Hirst's application (from when Mohawk acquired Godfrey Hirst) supports this, stating *"Godfrey Hirst is the premier flooring manufacturer in Australia and New Zealand as well as the market leader in design and innovation. The company has been owned and operated by the McKendrick family for the last 50 years and will continue to be led by R.G. (Kim) McKendrick, the CEO and Chairman"*.

Kim McKendrick remains a respected and prominent person in the industry, and continues his involvement in the industry on both sides of the Tasman through Armstrong Flooring, as mentioned in the Cowes Bay Group submission. The statements made in the Chapman Tripp comments that he has "had no direct involvement in the New Zealand industry since he

relinquished his former ownership of Godfrey Hirst" and that "his involvement in the New Zealand carpet industry expired almost a decade ago" are plainly false. It is inconceivable to think that Godfrey Hirst would not have known of Kim McKendrick's involvement in the industry in the last ten years, given Kim was a director of Godfrey Hirst until July 2018 (7.5 years ago) and his involvement in the flooring industry through Armstrong is very well-known, throughout the industry with readily available media coverage of Cowes Bay Group's 2022 acquisition of that entity, and of course public records available from the Companies Office which confirm the date on which Kim became a director of that company.

- (b) On the counterfactual, there is no basis on which the Commission could accept Godfrey Hirst's assertion that there is no likely alternative sale of Bremworth to any party other than Godfrey Hirst. As set out in our submission, the sale of Bremworth to another party is the most likely counterfactual, which would be immeasurably more competitive than the factual. Bremworth has repeatedly said multiple parties expressed strong interest in the business.

Whether (or the extent to which) interested parties participated through the Board Strategic Review process does not preclude any one or more of them offering to purchase the business at a later stage. Indeed the only inference that can be drawn from the Board's Strategic Review process is that Mohawk/Godfrey Hirst was the Board's preferred option from that process. It does not and should not indicate that a company with net cash holdings of \$42m as at June 30, 2025 and that was, according to the Board, primed to be turned around, would not be an attractive acquisition candidate to one or more other more than qualified companies through a process other than the Board's Strategic Review process.

To ensure a fair and proper process (and that the Commission is taking into account all relevant considerations and does not make an error of fact), we assume that the Commission will provide us with an opportunity as part of its process to comment on its findings on the counterfactual as it relates to the potential purchase by Cowes Bay Group.

- (c) Godfrey Hirst claims that our submission puts forward improper and baseless theories of harm. Our submission is entirely conventional, making it clear that the theories are matters that the Commission will need to consider and assess in light of the proposed acquisition.

For example, the Chapman Tripp comments state that Godfrey Hirst would already have the ability to engage in restrictive trade practices if it held a dominant position in soft flooring markets. This statement misses the key concern, which is that the proposed acquisition would increase Godfrey Hirst's market power and that increased market power could increase the opportunity and incentive for the merged entity to engage in anti-competitive conduct. It is also telling that a number of other independent submissions (which we assume represent the views of various industry participants) raise similar concerns to the concerns raised in our submission.

4. As noted in our submission, if the Commission proposes to grant clearance for the proposed acquisition, we request the opportunity to review the redacted portions of the application (and also the Godfrey Hirst response to the Cowes Bay Group submission), so that we have a proper

opportunity to comment and to ensure the Commission is making a decision based on full information.

Yours sincerely



Rudyard 'Kim' McKendrick
Cowes Bay Group Pty Ltd