



MERGER DECISION No 10: 2021

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF MISTER SWEET DIVISIONAL CONFECTIONARY BUSINESS OF LODESTONE BRANDS (PTY) LTD BY PREMIER FMCG (PTY) LTD

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in relation to the proposed acquisition in which Premier FMCG (Pty) Ltd ("Premier FMCG" or the "Acquiring Enterprise") will acquire from Lodestone Brands (Pty) Ltd ("Lodestone"), the sugar-based confectionary ("SBC") business, which is currently trading under the Mister Sweet brand ("Mister Sweet" or the "Target Enterprise"), as a going concern. The transaction was notified to the Authority on 3rd February 2021 and the merger assessment was completed on 18th February 2021.

The Acquiring Enterprise, Premier FMCG, is a privately owned company incorporated in accordance with the Laws of South Africa. Premier FMCG is a wholly owned subsidiary of Premier Group which is also incorporated in accordance with the Laws of South Africa. Premier Group is controlled by Brait Mauritius Ltd which is a company incorporated in accordance with the Laws of Mauritius. Premier FMCG's ultimate parent company is Brait SE, a public company with its primary listing on the Luxembourg Stock Exchange, and a secondary listing on the Johannesburg Securities Exchange.

The Acquiring Enterprise is involved in the distribution and marketing of branded and private label of fast moving consumer goods ("FMCG") in Southern Africa. Its primary commercial activities relates to milling and baking (both wheat and maize). Premier FMCG also operates in the personal care market and in the beverages and SBC markets. Premier FMCG's SBC business, manufactures a range of products under the 'Manhattan' and 'Super C' brands which include gums and jellies, chews, compressed tablets, marshmallows and hard boiled candy. The Acquiring Enterprise does not have any subsidiaries which are registered or have presence in Botswana. Its products are imported for sale into Botswana by an independent distributor.

The Target Enterprise, Mister Sweet, is a division of Lodestone's SBC business and the subject of the proposed merger. Lodestone is incorporated in accordance with the Laws of South Africa. Lodestone is controlled by Second Chapter

Investments (Pty) Ltd ("SCI"), and SCI is in-turn controlled by Mayfair Holdings. Lodestone, through Mister Sweet, produces a wide range of product types and pack sizes under its primary brands 'Mister Sweets', 'Candy Tops', and 'Eclairs', supported by Frutus; Rascals; and Champion brands.

The Target Enterprise does not have any subsidiaries which are registered or have a presence in Botswana. Its products are imported for sale into Botswana by an independent distributor.

Relevant Markets

Premier FMCG is involved in the distribution and marketing of branded and private label of fast moving consumer goods in Southern Africa. Its primary commercial activities relate to milling and baking (both wheat and maize). Premier FMCG also operates in the personal care market and in the beverages and SBC markets. Premier FMCG's SBC business, manufactures a range of products under the 'Manhattan' and 'Super C' brands which include gums and jellies, chews, compressed tablets, marshmallows and hard boiled candy.

Lodestone, through Mister Sweet, produces a wide range of product types and pack sizes under its primary brands 'Mister Sweets', 'Candy Tops', and 'Eclairs', supported by Frutus; Rascals; and Champion brands.

The Merging Parties do not have any subsidiaries which are registered or have presence in Botswana and their products are imported for sale into Botswana by virtue of independent third party distributors. In view of the nature of the products and services offered by the Merging Parties, the market under consideration is defined as the manufacture and supply of sugar based confectionary products into Botswana.

Geographic Market

The geographical market is national hence the entire Botswana country.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the assessment findings revealed an overlap in the products offered by the merging parties as they are both active in the manufacture and supply of SBC products into Botswana. However the established overlap is not seen to have any anti-competitive effects in Botswana. Additionally, there are well established players in the relevant market such as large multinational companies and dealer own brands (DOB) or private label suppliers available to discipline the competitive behaviour of the merged entity post-merger.

The analysis further indicate that the proposed merger will not result in any Acquisition of a Dominant Position by the merged entity or by any enterprise in Botswana. The relevant market in Botswana is contestable and it is inhabited by

imports mainly from South Africa. Therefore the Authority does not foresee an acquisition of a dominant position in the market under consideration or any other market on the account of the proposed transaction.

With regards to Public Interest Considerations, the merger assessment findings did not reveal any detriment to matters of public interest that will arise as a result of the transaction under consideration.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not expected to significantly change upon the implementation of the proposed merger and the proposed transaction is not likely to result in any adverse effects on competition, nor endanger the continuity of the supply of goods and services in the relevant market in Botswana. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has unconditionally approved the proposed acquisition of Mister Sweet Divisional Confectionary Business of Lodestone Brands (Pty) Ltd by Premier FMCG (Pty) Ltd.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 18th day of February 2021.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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