



## MERGER DECISION NO 18: 2021

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

#### **DECISION ON THE PROPOSED ACQUISITION OF 100% SHARES IN KT ROA PTE. LTD BY KELLOGG TOLARAM NOODLES SINGAPORE PTE. LTD**

##### **Introduction of the merging parties**

- i. 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 respect of the proposed acquisition by Kellogg Tolaram Noodles Singapore Pte. Ltd ("KT Noodles JV") of KT ROA Pte. Ltd ("KT ROA"). The transaction was notified to The Authority on 27<sup>th</sup> April 2021 and the merger assessment was completed on 26<sup>th</sup> May 2021.
- ii. The Acquiring Enterprise, KT Noodles JV, is a private company incorporated with limited liability in Singapore. The Acquiring Enterprise is involved in developing, marketing, manufacturing and selling instant noodles, long cooked noodles and pasta products in certain African Jurisdictions. KT Noodles JV controls the following entities (none of which operate in Botswana): Kellogg Tolaram Egypt Noodles LLC, Kellogg Tolaram Eswatini (Pty) Ltd, and Kellogg Tolaram South Africa (Pty) Ltd.
- iii. KT Noodles JV is a Joint Venture held by K Europe Holding Company Limited (K Europe) and Tolaram Africa Pte. Ltd (Singapore) (Tolaram). K Europe is ultimately controlled by Kellogg Company which is listed on the New York Stock Exchange. On the other hand, Tolaram is a private company incorporated with limited liability in Singapore. Tolaram is controlled by Tolaram Group Inc. (Tolaram Group). Tolaram Group is controlled by T-Seven Limited a private company incorporated with limited liability in the British Virgin Islands.
- iv. KT ROA, The Target Enterprise, is a private company incorporated with limited liability in Singapore. It is wholly owned by K Europe. The Target Enterprise does not directly or indirectly control any enterprises in Botswana. However, KT ROA's derives revenue in Botswana from sale of certain cereal, snack and noodle products.

## **Relevant Markets**

- v. The target enterprise has presence in Botswana as it exports ready to eat and convenience grocery/food products while the acquiring enterprise has no presence in Botswana. The relevant product market is thus defined as the sale of ready to eat and convenience grocery/food products in Botswana. Since the acquiring enterprise has no presence in Botswana there are no geographical overlaps in the activities of the merging parties in Botswana.

## **Competitive Analysis and Public Interest**

- vi. The market structure of the defined market will remain unchanged post-merger since there are no product and geographical overlaps in the activities of the merging parties. Therefore, there are no competitive effects that will arise as a result of the merger under consideration. Furthermore, it is noted that 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.

## **The Determination**

- vii. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. In addition there will be no effect on public interest matters in Botswana occasioned by the proposed merger.
- viii. Pursuant to the provision of section 53 of the Act, The Authority has unconditionally approved the proposed acquisition by Kellogg Tolaram Noodles Singapore Pte. Ltd of KT ROA Pte. 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 26<sup>th</sup> day of May 2021.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013