



MERGER DECISION NO 27: 2018

Notice in terms of Section 60(4)(a)(ii) of the Competition Act

DECISION ON THE ACQUISITION OF 50.1% SHAREHOLDING IN BEVERAGE MANUFACTURERS (BOTSWANA) (PTY) LTD BY STRATEGIC ALLIANCE J.V. FROM AB InBev BOTSWANA B.V. AND AB InBev AFRICA B.V.

PURSUANT to section 60(4)(a)(ii) of the Competition Act (Cap 46:09), notice is hereby given on the decision made by the Competition Authority ("the Authority") in respect of proposed the acquisition of 50.1% of the share capital of Beverage Manufacturers (Botswana) (Pty) Ltd by Strategic Alliance J.V. from AB InBev Botswana B.V. and AB InBev Africa B.V.

The Competition Authority determined to authorise the proposed transaction in the market for the preparation, packaging, distribution, promotion and sale of Non-Alcoholic Ready-To-Drink beverages bottling business, given the fact:

- i. The proposed transaction is not likely to result in a substantial lessening of competition, due to the fact that there is no product overlap in the activities of the merging parties in Botswana;
- ii. The acquiring entity will simply inherit the dominant position of the target enterprise, thus not altering the landscape of competition in the country.

However, the proposed acquisition gives rise to public interest concerns under section 59(2) of the Competition Act. The closure of the can-line in the year 2015 still remains a worrying issue and we hope the merging parties will reconsider re-opening it. The Authority also is aware of the share swap between the Sechaba Brewery Holdings Limited and AB InBev and therefore is concerned about the protection of the citizen shareholders especially the minorities.

Taking the public interest concerns and pursuant to the provisions of section 60 of the Competition Act of Botswana, the Authority has approved the proposed acquisition of 50.1% of the share capital of Beverage Manufacturers (Botswana)

(Pty) Ltd by Strategic Alliance J.V. from AB InBev Botswana B.V. and AB InBev Africa B.V. with the conditions that:

- i. The merged entity should continue manufacturing business of TCCC's non-alcoholic ready-to-drink business beverages;
- ii. In the event that the merged entity is compelled to change the business model referred to item (i) above they should notify the Authority with a clear justification for review;
- iii. The target employees will be employed/transferred on terms and conditions substantially no less favourable than their current terms and conditions of employment;
- iv. There will be no retrenchments as results of the merger; and
- v. The existing minority protection provisions in favour of Sechaba Brewery Holdings Limited in Kgalagadi Breweries (Pty) Ltd must be replicated in Beverage Manufacturers (Botswana) (Pty) Ltd.

However, as stated under section 66 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 this 29th day of October 2018.

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