

MERGER DECISION NO 27 OF 2024

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL AND CONTROL OVER K2022411275 (SOUTH AFRICA) (PTY) LTD BY MAINSTREET 2019 LIMITED

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 respect of the proposed acquisition of the entire issued share capital and control over K2022411275 (South Africa) Ltd ("Bev HoldCo 2" or "Target Enterprise") by Mainstreet 2019 Limited (" BidCo" or "Acquiring Enterprise"). The transaction was notified to the Authority on 28th June 2024, and the merger assessment was completed on 1st August 2024.

The Acquiring Enterprise, BidCo, is a newly incorporated private company, incorporated in accordance with the Laws of South Africa. BidCo does not control any firm and does not have any operations in Botswana.

The Target Enterprise, Bev HoldCo 2, is a private company controlled by OMPE GP (Pty) Ltd. They are both companies registered in South Africa. Bev HoldCo 2 does not control any firm and does not have any operations in Botswana.

Relevant Market

The Acquiring Enterprise is a newly established company which comprises a consortium of companies, none of which have any activities in Botswana. The Acquiring Entity does not, on this basis, own any assets whether directly or indirectly in Botswana nor does it derive any directly or indirectly turnover in, into or from Botswana.

On the other hand, the Target Enterprise's business operates primarily in South Africa. However, its presence in Botswana is limited sales made to its single customer of the following products: (i) energy drinks under the brand Score; (ii) non-alcoholic carbonated drinks under the brand Bashwe's; (iii) non-alcoholic carbonated soft drink mixers under the Fitch& Leedes; and (iv) sparkling perlé wine-based ready-to-drink under the Chateau Del Rei. These products are produced by the Target Group's wholly owned South African subsidiary.

It can be concluded that the Proposed Transaction does not give rise to horizontal overlap in the activities of the merging parties in Botswana. Therefore, the status quo is expected to be maintained post-merger.

The Authority therefore concluded to describe the relevant market based on the nature of the products offered by the Target Enterprise to its Botswana customer. The market under consideration is described as *the supply of energy drinks, non-alcoholic beverages and alcoholic beverages from South Africa within Botswana market*.

Competitive Analysis and Public Interest

The Authority has established that the Proposed Transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in *the market of the supply of energy drinks, non-alcoholic beverages and alcoholic beverages from South Africa within 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.

The Determination

Pursuant to the provision of Section 53 of the Competition Act, 2018, the Authority has decided to unconditionally approve the proposed acquisition of the entire issued share capital and control over Limited.

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 1st day of August 2024.

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