



## CAK DECISION ON THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF SUNTORY BEVERAGE & FOOD KENYA LIMITED AND BIDCORO AFRICA LIMITED

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1. The Competition Authority of Kenya has approved the proposed acquisition of the entire issued share capital of Suntory Beverage & Food Kenya Limited by Bidcoro Africa Limited unconditionally.
2. This approval has been granted based on the finding that the transaction is unlikely to negatively impact competition in the market for non-alcoholic ready-to-drink (NARTD) beverages, nor elicit negative public interest concern. These are key considerations during the analysis of mergers.
3. **Bidcoro Africa Limited (Bidcoro)** is a company incorporated in Kenya. It is involved in the manufacturing, processing, marketing and sale of concentrates (cordials/syrups/squashes), soft drinks, and ice lollies. Some of Bidcoro's brands are; **Suntop, Sunquick, Suncola**.
4. **Suntory Beverage & Food Kenya Limited (Suntory Kenya)** is also incorporated in Kenya and is wholly owned by Suntory Beverage & Food Asia Pte. Ltd. Suntory Kenya is involved in the manufacture, processing, distribution and sale of soft drinks beverages under the brand names **Ribena and Lucozade**.
5. The proposed transaction involves the acquisition of the entire issued share capital of Suntory Kenya by Bidcoro. The parties indicated that the rationale of the transaction is addressing the target's underperformance by leveraging on the acquirer's production and commercialization expertise.
6. Sections 2 and 41 of the [Competition Act CAP 504](#) stipulates that a merger, or takeover, may occur when an undertaking directly or indirectly acquires **control over another business within Kenya**. This may happen through, among others, purchase/lease of shares, exchange of shares, vertical integration. Therefore, the transaction between Suntory Kenya and Bidcoro qualified as a merger within the meaning of the aforementioned sections of the Act.
7. Further, merging parties whose combined turnover or assets, whichever is higher, is over Ksh. 1 Billion are required to seek approval from the Authority prior to implementing a proposed transaction. The transaction between Suntory Kenya and Bidcoro met this threshold for mandatory notification and full analysis as provided in [Competition \(General\) Rules, 2019](#).

8. During merger analysis, and in order to determine the impact that a transaction will have on competition, the Authority identifies the **relevant product market** as well as the **relevant geographic market**.
9. The **relevant product market** comprises products/services that are interchangeable or substitutable by the consumer due to their characteristics, prices and/or intended use. Based on this criteria, the relevant product market for the proposed transaction is the market for **NARTD beverages**.
10. Determination of the **relevant geographic market** involves interrogating the area in which merging parties undertake the business and in which competition conditions are sufficiently similar. With regard to the proposed transaction, the target provides its products throughout the country. Therefore, the relevant geographic market is **national**.
11. The NARTD beverages market in Kenya is characterized by a mix of multinational corporations and local companies. The market for non-alcoholic beverages in Kenya is diverse, with various products catering to different consumer preferences.
12. The estimated market shares for players in NARTD beverages market in Kenya are shown below:

Business	(% Market Share)
Coca-Cola Beverages Africa	65.0
Delmonte Kenya Ltd.	5.23
Kevian Kenya Limited	4.4
Excel	2.87
Predator	2.2
Suntory Beverage & Food Kenya Ltd.	1.8
Red Bull	1.7
Highlands	1.7
Brava Food	1.4
Pepsico	1
Others	12.67
Bidcoro & Bidco Africa Ltd.	<1
<b>TOTAL</b>	<b>100</b>

13. One criteria of assessing a merger's impact on competition is the post-merger market share of the undertakings. Post-merger, the merged entity will control a market share of not more than 2.8% and will face competition from other players controlling 97.2% of the market.

14. Therefore, the proposed transaction will not affect the structure and concentration of the market for NARTD beverages. The target will become a wholly-owned subsidiary of the acquirer and transfer all the contract manufacturing business. Therefore, the proposed transaction **is unlikely to lead to a substantial lessening or prevention of competition in the market for NARTD beverages in Kenya.**
15. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. Public interest considerations refer to various economically-inclined concepts that protect the public's welfare. Some public interest considerations in the Act are;
- a) extent to which a proposed merger would impact employment opportunities;
  - b) impact on competitiveness of SMEs;
  - c) impact on particular industries/sectors; and
  - d) impact on the ability of national industries to compete in international markets.
16. As per the parties' submissions, this transaction will not elicit negative public interest concerns. Specifically, there will be no employment loss. Suntory Kenya employees will be retained on comparable terms and conditions prior to the transaction.
17. Premised on the above, the Authority approved **the proposed acquisition of the entire issued share capital of Suntory Beverage & Food Kenya Limited by Bidcoro Africa Limited** unconditionally.

**Release date: 20<sup>th</sup> August, 2024**