



## CAK DECISION ON THE PROPOSED ACQUISITION OF 100% OF THE ENTIRE ISSUED SHARE CAPITAL IN POLLMAN'S TOURS AND SAFARIS LIMITED BY AFRICA TRAVEL INVESTMENTS LIMITED

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1. The Competition Authority of Kenya has approved the proposed acquisition of 100% of the entire issued share capital in Pollman's Tours and Safaris Limited by Africa Travel Investments 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 tour operators in Kenya, nor elicit negative public interest concerns.
3. Africa Travel Investment Limited (Africa Travel), the acquiring undertaking, is a company incorporated in Europe. Africa Travel does not have any commercial activities in Kenya.
4. Pollman's Tours and Safaris Limited (Pollman's), the target undertaking, is a company incorporated in Kenya. It specializes in providing guided safaris and sells travel packages to travel agents and tour operators globally.
5. The proposed transaction involves the acquisition of 100% of Pollman's Tours and Safaris Limited's shares by Africa Travel Investment Limited. This transaction presents the acquirer as a growth-focused investor seeking to maximize the target's potential.
6. The transaction qualified as a merger within the meaning of [sections 2 and 41 of the Competition Act Cap 504 of the Laws of Kenya](#). The Act 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, or vertical integration.
7. Further, merging parties whose combined turnover or assets, whichever is higher, is over KES 1 Billion are required to seek approval from the Authority prior to implementing the proposed transaction. The transaction between Africa Travel and Pollman's met this threshold for mandatory notification and full analysis as provided



in the 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 geographical 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 criterion, the relevant product market for the proposed transaction is the **markets for tour operators**.
10. Determination of the **relevant geographic market** involves interrogating the area in which merging parties undertake business and where competition conditions are sufficiently similar. With regard to the proposed transaction, the target offers its services across the country. Therefore, the relevant geographic market is national.
11. The Kenya Association of Tour Operators (KATO) is a leading tourism trade association that promotes Kenya as a prime destination while advocating for high standard of service offered by its members. According to KATO, the members are segmented according to their categories based on annual earnings membership which are segregated as:
  - i. Full membership: categorized by annual gross earnings. Further categorized according to membership tier (A, B, C, D, E) indicating a specific level of annual gross earnings;
  - ii. Provisional: membership fee of Ksh 6,600;
  - iii. Affiliates: Non-tour operating companies that are allied to tourism;
  - iv. Associate Member; and New members join as associate members for a minimum of one year;
  - v. Corporate Member Members: Membership fee of KES 100,000.
12. Further, the market for tour operators has low concentration with 322 active players who include the target, Bonfire Adventures, Bountiful Safaris, Aanika Karibu Safaris Ltd, Acacia Holidays Ltd, Cheetah Tours Ltd, Dens of Africa Ltd, Exotic Travel Centre Ltd among others.
13. One criterion of assessing a merger's impact on competition is their post-transaction market share. With regard to the proposed transaction, post-merger, the market share



of the merged entity will not change as the target and the acquirer is not in similar business and therefore the structure and concentration of the markets for tour operators in Kenya will not be affected. Therefore, the structure and concentration of the market for tour operators will not be affected, and as such the transaction does not raise competition concerns.

14. In addition, it is the Authority's view that the proposed transaction will not lead to substantial lessening or prevention of competition in the markets for tour operators in Kenya.
15. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. Public interest in this case refers to various economically inclined concepts that, when considered, protect the welfare of the Public. In the Act, some of the public interest considerations 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 is not expected to raise public interest concerns. Specifically, with regards to employment, the parties have submitted that the proposed transaction is not anticipated to lead to the loss of any jobs.
17. Premised on the above, the Authority approved the proposed acquisition of 100% of the entire issued share capital in Pollman's Tours and Safaris Limited by Africa Travel Investments Limited unconditionally.