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Common Market for Eastern
and Southern Africa

CCC Merger Inquiry Notice No. 04 of 2015

Notice of Inquiry into the Transaction involving Coca-Cola Beverages Africa Limited and the Coca-Cola SABCO Proprietary Limited

It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations hereinafter referred to as “the Regulations” that the COMESA Competition Commission hereinafter referred to as “the Commission” after receiving a notification in terms of Article 24 of the Regulations regarding the acquisition of Coca-Cola SABCO Proprietary Limited hereinafter referred to as “SABCO” by Coca-Cola Beverages Africa Limited hereinafter referred to “CCBA” intends to embark on an inquiry in terms of Article 26 of the Regulations.

We are informed by the parties that the transaction involves the acquisition by CCBA of shares in the business of and/or direct or indirect control in the Coca-Cola related bottling business of SABCO in Ethiopia, Kenya and Uganda. We are informed by the parties that CCBA has not been established as at the date of filing the merger with the Commission, but it is intended to be a newly formed company and a subsidiary of SABMiller Plc (SABMiller).

The parties submitted that the Coca-Cola Company (TCCC) and its activities in COMESA are relevant to the transaction. TCCC’s distribution model is to authorise independent bottlers (Coca-Cola Bottlers) to manufacture and distribute its brands under specific contractual terms. The parties have submitted that TCCC has determined that the competitiveness of its distribution network in various African countries would be significantly improved through the combining of certain existing Coca-Cola Bottlers and related operations into a single operating entity.

The Parties

CCBA

We are informed by the parties that CCBA is the primary acquiring firm and as has not been established as at the date of this filing, but it is intended to be a newly formed company and a subsidiary of SABMiller.

SABMiller

The parties submitted that SABMiller is a public company with a primary listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. It is

expected that SABMiller will ultimately directly or indirectly exercise control over CCBA. The parties submitted that SABMiller is a multinational brewing and Beverage Company headquartered in the United Kingdom. Through its subsidiaries, it is engaged in the manufacture, distribution and sale of various types of beverages, including brewing and hops farming activities and offers beer and other alcoholic and non-alcoholic beverages. SABMiller has operations in 75 countries and is active across Africa in beer and non-alcoholic beverages, including in COMESA Member States.

SABCO

We are informed by the parties that the SABCO Coca-Cola bottling operations in:

- Ethiopia, through East Africa Bottling Share Company;
- Kenya. Through Nairobi Bottlers Limited (NBL); and
- Uganda, through Century Bottling Company Limited.

The parties submitted that SABCO operates Coca-Cola bottling operations throughout Africa and is based in Port Elizabeth, South Africa. It has plants in South Africa, Namibia, Mozambique, Tanzania, Ethiopia, Kenya and Uganda and is authorised by TCCC to bottle and distribute in these countries. The parties have also informed us that SABCO is an investment holding company controlled by the following undertakings:

- TCCC, which exercise control through indirect shareholding and minority protections exercised through various owned subsidiaries;
- Gutsche Family Investment Proprietary Limited (GFI), which exercises control through direct shareholding.

TCCC

The parties submitted that TCCC is a publicly listed company incorporated under the laws of Delaware, United States, with its registered office in Atlanta, Georgia. The parties further submitted that TCCC is a multinational owner of numerous well-known non-alcoholic beverage brands. Its distribution model is to authorise independent bottlers to manufacture and distribute its brands in allocated geographical territories, under specific contractual terms. The deployment, under TCCC's direction, of an authorised bottling network to efficiently produce, market, distribute and sell TCCC owned brands.

The Commission will, in accordance with the provisions of the Regulations, determine among other things whether or not the merger is likely to substantially prevent or lessen competition within the Common Market. In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the merging parties to submit written representations to the Commission in regard to the subject matter of the proposed inquiry by emailing them to: wmwemba@comesa.int. All written representations should be sent to the Commission not later than **Monday, 8th June, 2015**.

If you wish to seek further details and/ or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Mr. Willard Mwemba, Manager Mergers and Acquisitions** on Tel: +265 (0) 1 772466 or E-mail wmwemba@comesa.int

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.