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Common Market for Eastern  
and Southern Africa

## **CCC Merger Inquiry Notice No. 39 of 2019**

### **Notice of Inquiry into the Proposed Merger involving PepsiCo, Inc. and Pioneer Food Group Limited**

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It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations regarding the proposed merger involving PepsiCo, Inc. (“**PepsiCo**”) as the acquiring undertaking and Pioneer Food Group Limited (“**Pioneer Foods**”) as the target undertaking, intends to embark on an inquiry in terms of Article 26 of the Regulations.

The parties have submitted that PepsiCo is a public company incorporated under the laws of the United States. PepsiCo has a primary listing on the Nasdaq Stock Market and a secondary listing on the SIX Swiss Exchange. PepsiCo supplies various packaged foods and beverages worldwide. Within the Common Market the activities of PepsiCo and its wholly-owned subsidiary Simba Proprietary Limited (“**Simba**”) include the sale of a number of ready-to-eat savoury snack products; breakfast cereals; inputs for the manufacture of PepsiCo branded carbonated soft drinks (CSDs) as well as the manufacture and sale of PepsiCo branded CSDs in Egypt. In the Common Market, PepsiCo derives turnover in the following Member States: the Democratic Republic of Congo, Djibouti, Egypt, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Tunisia, Uganda, Zambia, and Zimbabwe.

The parties have submitted that Pioneer Foods is a public company incorporated under the laws of South Africa. Pioneer Foods manufactures and supplies food and beverages to various customers in South Africa and exports its products to countries worldwide, including to various Member States. Insofar as the activities of Pioneer Foods in the Common Market are concerned, it supplies various grocery products, beverage (non-CSDs) and breakfast cereal products. In the Common Market, Pioneer Foods derives turnover in the following Member States: the Democratic Republic of Congo, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Tunisia, Uganda, Zambia, and Zimbabwe.

In terms of the notified transaction, the parties have submitted that Simba has delivered notice to Pioneer Foods of its firm intention to make an offer to acquire the issued shares of Pioneer Foods. PepsiCo considers that Pioneer Foods has a locally relevant product range that complements PepsiCo’s current products. Furthermore, the proposed transaction will facilitate

PepsiCo's expansion into Sub-Saharan Africa and internationally by boosting the manufacturing and marketing capabilities of PepsiCo. Pioneer Foods considers the proposed transaction to be an opportunity to benefit from the research, technology and other capabilities of PepsiCo, including international distribution. Further, the proposed transaction allows the shareholders of Pioneer Foods to realise their investment at a premium.

The Commission will, in accordance with the provisions of the Regulations, determine, among other things, whether or not the proposed transaction is likely to substantially prevent or lessen competition within the Common Market and whether the proposed transaction is or would be contrary to the public interest as provided for under Article 26 of the Regulations.

In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the parties to the proposed transaction to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: [sbooluck@comesa.int](mailto:sbooluck@comesa.int). All written representations should be sent to the Commission not later than **20<sup>th</sup> December 2019**.

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 **Ms. Sandya Booluck, Senior Analyst, Mergers and Acquisitions** on Tel: +265 (0) 1 772 466 or [sbooluck@comesa.int](mailto:sbooluck@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.