



COMESA Competition Commission

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Common Market for Eastern
and Southern Africa

13th July 2022

CCC Merger Inquiry Notice No. 26 of 2022

Notice of Inquiry into the Proposed Acquisition by Heineken N.V of a further interest in Namibia Breweries Limited and the combination of Heineken's current South African business, along with its increased interest in Namibia Breweries Limited, and the flavoured alcoholic beverages, wine and spirits businesses of Distell Group Holdings Limited

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 acquisition by Heineken N.V. ("**Heineken**"), of a further interest in Namibia Breweries Limited ("**NBL**") and the combination of Heineken's current South African business, along with its increased interest in NBL, and the flavoured alcoholic beverages, wine and spirits businesses of Distell Group Holdings Limited ("**Distell**") ("**the Proposed Transaction**"), intends to embark on an inquiry in terms of Article 26 of the Regulations.

Heineken is a wholly owned subsidiary of Heineken N.V., a Dutch multinational brewing company headquartered in Amsterdam, Netherlands. Heineken is active in the production, marketing and distribution of beer and other beverage products through its subsidiaries and associated companies. Heineken has a range of 170 beer brands and more than 300 products including both global and regional brands. Heineken has local manufacturing operations in COMESA Member States including Burundi, the Democratic Republic of Congo (the "**DRC**"), Egypt, Ethiopia, Rwanda and Tunisia. In the following Member States, Heineken does not have local manufacturing operations but supplies local customers via an export model partnering with local distributors: Comoros, Djibouti, Eswatini, Kenya, Libya, Madagascar, Malawi, Mauritius, Seychelles, Uganda, Zambia and Zimbabwe.

NBL owns and operates a brewery in Windhoek, Namibia. NBL produces a range of beers as well as other limited non-alcoholic beverages such as mineral water and carbonated soft drink mixers. NBL does not have any manufacturing facilities outside of Namibia and it supplies its customers in COMESA Member States via an export model. In the Common Market, NBL is active in Burundi, DRC, Kenya, Malawi, Mauritius, Rwanda, Uganda, Zambia and Zimbabwe.

All communication should be addressed to the Director and Chief Executive Officer

Distell is a South African-based company that manufactures, markets and distributes wines, spirits, flavoured alcoholic beverages and non-alcoholic beverages. Distell operates a range of business models across the COMESA Member States. Distell has a local manufacturing presence in Kenya, Zimbabwe and Mauritius through equity shareholdings in local manufacturers. In all other Member States, Distell's products are imported from South Africa via an export model and distributed through local distributors. In the Common Market, Distell is thus active in Burundi, DRC, Ethiopia, Eswatini, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe.

The parties have submitted that the Proposed Transaction forms part of a larger global transaction driven by Heineken's acquisition of Distell in South Africa. The primary rationale for the acquisition of Distell's flavoured alcoholic beverages, wine and spirits businesses is to enhance the competitiveness of Heineken against the far larger and better resourced global beer and flavoured alcoholic beverages suppliers, namely AB InBev, Diageo and Castel. Heineken is currently focused on the distribution of beer, whereas Distell is currently focused on smaller volume but higher value flavoured alcoholic beverages, wine and spirits products. The parties have submitted that the Proposed Transaction will allow the merged entity to unlock substantial economies of scale and scope in the distribution and marketing of their largely complementary product ranges.

The Commission will, in accordance with the provisions of Article 26 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 it would be contrary to the public interest.

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. All written representations should be sent to the Commission not later than **3rd August 2022**.

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.

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.