



**THE PROPOSED ACQUISITION OF 97.2% OF TELKOM KENYA LIMITED'S
TOWERS BY AMERICAN TOWER CORPORATION (ATC) KENYA OPERATIONS
LIMITED**

1. The Competition Authority of Kenya (CAK) has unconditionally approved the proposed acquisition of 97.2% of Telkom Kenya Limited Towers by American Tower Corporation.
2. American Tower Corporation Kenya Operations Limited (ATC Kenya), the acquiring undertaking is incorporated in Kenya.
3. Telkom Kenya Limited (TKL), the target undertaking is a telecommunications operator in Kenya. The target, which is 40% owned by the Government of Kenya, provides integrated telecommunication services and solutions like voice, data, and network facilities for residential and business customers, operators and carriers.
4. The proposed transaction involves the acquisition and lease back of TKL's passive infrastructure assets comprising of a majority of its towers, their related tower assets and contracts. The proposed acquisition translates to acquisition of majority of the target's towers.
5. Since the transaction entailed an acquisition of assets, the post-merger shareholding structure was not set to change. However, the transaction constituted a merger since the towers' business was considered as an undertaking as defined in the Competition Act. The acquirer would establish control over the telecommunication towers business of the target.



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6. The combined turnover of the parties is over Ksh. 1 Billion for the preceding year (2017) and, therefore, the transaction meets the threshold for notification as provided in the Merger Threshold Guidelines.
7. The competition analysis conducted by the Authority determined that the relevant product market was the market for telecommunications towers.
8. Whereas the acquirer has not started providing telecommunication services in Kenya, the target does so across the country. The geographic market within which the transaction was analyzed is, therefore, national.
9. According to statistics from the sector regulator, Communications Authority of Kenya (CA), the country's telecommunication sector is vibrant and growing with several players contesting for market share.
10. The main players in the market and their approximated market shares are; Safaricom (64%), Kenya Towers Limited (21%), Telkom Kenya Limited (14%) and Airtel Kenya Limited (1%).
11. Post-merger, the acquirer will control 14% of the towers. However, it will face credible competition from the other main players such as Safaricom and Kenya Towers who will offer competitive restraint to the merged entity.
12. From the foregoing, the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for telecommunications towers. Further, the proposed transaction did not raise any public interest concerns.
13. It is in view of the above reasons that the Authority unconditionally approved the acquisition of 97.2% of Telkom Kenya Limited's towers by American Tower Corporation Kenya Operations Limited.

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