



THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF SAHAM S.A BY SANLAM EMERGING MARKETS (IRELAND) LIMITED

1. The Competition Authority of Kenya (CAK) conditionally approved the proposed acquisition of 100% shareholding of Saham S.A (Saham) by Sanlam Emerging Markets (Ireland) Limited (SEMIL).
2. SEMIL is owned by Sanlam Limited (Sanlam), a company incorporated in South Africa and publicly listed at the Johannesburg Securities Exchange (JSE). It engages in the provision of life insurance, non-life insurance, and investment management, property holding and micro financing and through its subsidiaries.
3. Saham is incorporated in Morocco and mainly operates through Saham Finance, reinsures and reassures life and non-life insurance business in Kenya and 26 countries in Africa and in the Middle East.
4. The proposed transaction involves the acquisition of 100% shareholding in Saham by SEMIL. This will result in the establishment of control over the business of the target by the acquirer. Therefore, the transaction, therefore qualifies as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
5. The combined turnover of the parties is over Ksh. 1 Billion for the preceding year (2017) and, therefore, the transaction meets the threshold for full merger analysis as provided in the Merger Threshold Guidelines.
6. The Authority's analysis of the transaction revealed that there is a vertical relationship between the parties since the target, Saham, reinsures SEMIL's life and non- life insurance



business.

7. The activities of the parties overlapped in the provision of (i) reinsurance, (ii) life and non-life insurance and, (iii) reinsurance solutions. Therefore these were considered as the relevant product markets for the analysis of this transaction.
8. The merging parties provide their services throughout Kenya making the geographic market national.
9. According to data from Insurance Regulatory Authority, SEMIL has a market share of 6.32% while Saham has 0.34% in the life insurance market.
10. The combined market share of 6.66% is low compared to major players such as Britam (23%), Jubilee (13%) and ICEA Lion (13%). Additionally, in the market for non-life insurance business, the parties will have a minimal combined market share of 2.08% and 5 % in the reinsurance business.
11. Therefore, post-merger, the market structure and concentration of the market for life and non-life insurance products, and reinsurance solutions in this industry will not be negatively affected since the merging parties market shares are at periphery and they will face stiff competition from the other market players.
12. With regard to public interest concerns the parties committed to retain all the employees of the target, thereby mitigating negative public interest concerns.
13. Based on this reasoning, the Authority approved the proposed acquisition of 100% of the issued share capital of Saham S.A by Sanlam Emerging Markets (Ireland) Limited on condition that the acquirer retains all the 103 employees of the target.

Issued on: November 13th, 2018.

