



## CAK DECISION ON PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF DE LA RUE KENYA LIMITED BY HID CORPORATION LIMITED

1. The Competition Authority of Kenya has approved, with conditions, the acquisition of 100% of the issued share capital of De La Rue Kenya Limited by HID Corporation Limited (HCL).
2. HCL offers identity and access management solutions such as contact smart cards, wall mount readers of physical access control, and software for secure login. The firm also offers identity technology solutions such as animal and inventory identity tags, contactless payment cards & government identity solutions.
3. In Kenya, the acquirer and target both supply electronic government identity solutions (passports and ID cards) to Kenyans.
4. De La Rue Kenya Limited (De La Rue Kenya), the target undertaking, is controlled by De La Rue PLC.
5. De La Rue PLC has another subsidiary in Kenya - De La Rue Kenya EPZ Limited (DLR). DLR is a 60/40 joint venture, owned by De La Rue PLC and the National Treasury (Kenya) respectively. DLR is involved in printing of currency in Kenya.
6. **It is important to note that DLR is not part of the proposed transaction and will continue with its ownership and operation as stated in Paragraph 5.**
7. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion** and, therefore, the transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
8. Given the activities of the parties as stated in Paragraphs 2 and 3, the Authority determined the **relevant product market**, where their activities overlap, as being the market for provision of electronic secure printing solutions. The two firms offer their services within Kenya and therefore the relevant geographic market for the transaction is **national**.



9. The market for electronic government identity solutions is majorly controlled by three main global players/competitors who have approximately 65% of the global electronic government identity solutions market. They are Gemalto, Idemia, and Veridos.
10. Post-merger, the merged entity will have market shares of less than 15% in each of the markets for supply of e-passports, e-ID and e-Government identity solutions. The transaction is therefore unlikely to raise competition concerns.
11. Further, it is the Authority's view that the merged entity will continue facing competition from other global participants in the market for provision of electronic secure printing solution.
12. In its analysis the Authority noted that the target has existing contracts with the government in regard to secure printing and there was a need to ensure that this is honoured by the merged entity. Further, the merging parties have indicated to the Authority that no employees will be affected negatively by the transaction.
13. Premised on the above, the Authority approved **the proposed acquisition of 100% of the issued share capital of De La Rue Kenya Limited by Hid Corporation Limited on condition that all the contracts that the target (De La Rue Kenya Limited) has with the Government of Kenya are honored.**