



THE PROPOSED ACQUISITION OF 100% OF THE PUBLICLY HELD SHARES IN PANALPINA WELTTRANSPORT HOLDING (PANALPINA WORLD TRANSPORT HOLDING) A.G BY DSV

1. The Competition Authority of Kenya has approved the proposed acquisition of 100% of the publicly held shares in Panalpina Welttransport Holding (Panalpina World Transport Holding) A.G by DSV.
2. DSV, the acquiring undertaking, is incorporated in Denmark and is listed on the Nasdaq Copenhagen Stock Exchange. DSV operates locally as DSV Kenya, offering sea and air freight services as well as overland services and logistics.
3. Panalpina Welttransport Holding A.G (Panalpina), the target undertaking, is incorporated in Switzerland and is listed on Switzerland's SIX Swiss Exchange. Panalpina is a global freight forwarding company. The company offers air and sea freight-forwarding services, contract logistics and value added warehousing solutions.
4. Panalpina operates in Kenya through two subsidiaries: Panalpina Kenya Limited and Panalpina Airflo Limited. Panalpina Kenya Limited (PKL) is in the business of freight forwarding of non-perishable goods. Panalpina Airflo Limited (PAL) provides freight forwarding services of perishable goods, mainly fresh vegetables and cut flowers.
5. The proposed transaction involves an acquisition of 100% of the publicly held shares in Panalpina by DSV as part of a global integration between the two parties. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
6. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion**. The transaction therefore met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
7. There exists a horizontal relationship between the parties since the acquirer and the target both provide air freight services, sea freight services and overland services and logistics.

Therefore, the relevant product market for analysis of this transaction was determined as the market for provision of air freight services, sea freight services and overland transport services and logistics.

8. The parties provide air freight services, sea freight services and overland transport services and logistics in Kenya and therefore the geographic market is national.

a) Market for provision of air freight services

9. Data from the Kenya International Freight and Warehousing Association indicates that there are over 1,500 registered freight forwarders operating locally. The Kenya Airports Authority's (KAA) data shows that there are 14 major agents operating at Jomo Kenyatta International Airport (JKIA).
10. The players in this market and their estimated market shares are: Kuhene + Nagek (28%); Panalpina Airflo Limited (15%); Freight Forwarders Group (9%); Air Connection Limited (8%); Signon Freight (7.5%); Bollore (6%); Schenker (4%); DSV (3%); and Others (19.5%).
11. Post-transaction, the merged entity will have a market share of 18%. This low market share is therefore unlikely to raise competition concerns. Further, the merged entity will face competition from other players who collectively control 82% of the market.

b) Market for provision of sea freight services

12. Data from the Kenya Ports Authority indicates that 1,000,000 metric tonnes of goods handled at the country's ports in 2017.
13. The players in the sea freight sector and their approximate market shares are: Maersk Line (18%); Century Cargo (14%); Mediterranean Shipping Company (11%); Filiken Transit (9%); Damco (7.5%); Panalpina (4%); Kuhene + Nagel (3%); DSV (2%); and Others (31.5%).
14. Post-transaction, the merged entity will have a market share of 6%. This low market share is unlikely to raise competition concerns. Further, the merged entity will continue facing competition from other players.

c) Markets for provision of overland transport services and logistics

15. The market for overland transport services entails road and rail transport while logistics entails warehousing, storage and distribution of goods. Data from the Kenya National Bureau of Statistics, indicates that 26,000,000 tonnes of goods were moved in 2018.

16. The players in these market and their estimated market share for overland services and logistics are: Bollore (14%); Signon Group (12%); Mitchell Cotts Limited (11%); Hauliers (EA) Limited (6%); Schneker (5%); Kuehne + Nagel (2%); Panalpina (1%); DSV (0.5%); and Others (48.5%).
17. Post-transaction, the merged entity will have a market share of 1.5%. This significantly low market share is unlikely to raise competition concerns. In addition, the merged entity will face competition from other players.
18. Based on the foregoing, it is the Authority's view that proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the markets for provision of air freight services, sea freight services and overland services and logistics in Kenya.
19. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns considerations include;
 - i. extent to which a proposed merger would impact employment opportunities;
 - ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
20. The parties indicated that the proposed transaction is a global transaction and that it will have minimal effects on operations in Kenya. Specifically, the parties indicated that the proposed transaction will not lead to loss of employment.
21. Based on the foregoing, The Competition Authority of Kenya approved the proposed acquisition of 100% of the publicly held shares in Panalpina Welttransport Holding (Panalpina World Transport Holding) A.G by DSV.