



THE PROPOSED ACQUISITION OF 80% OF THE ISSUED SHARE CAPITAL OF GULF ENERGY LIMITED BY AURON ENERGY LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of 80% of the issued share capital of Gulf Energy Limited by Auron Energy Limited unconditionally.
2. Auron Energy Limited (Auron), the acquirer, was recently incorporated in Mauritius for the purpose of this transaction. The company's main activity will be participation in the Open Tender System (OTS) business for the importation of oil into Kenya. It does not have any other business operations in Kenya.
3. Gulf Energy Limited (GEL), the target, is a holding company incorporated in Kenya. The company has several subsidiaries operating in Kenya including Amu Power Company Limited and Africa Power Amalgamated Limited.
4. GEL's business was initially organized into three verticals: oil marketing; power generation and energy sector projects development. Pursuant to a transaction approved by the Authority in December 2019, GEL transferred its oil marketing business (excluding its OTS business) to Gulf Energy Holdings Limited (GEHL) and simultaneously transferred its entire shareholding in GEHL to KenolKobil Plc.
5. After completion of the proposed transaction, GEL will transfer its other businesses, under the same shareholders, apart from the OTS business.
6. The proposed transaction is an acquisition of 80% of the issued shares of GEL by Auron Energy Limited. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
7. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion**. The transaction therefore met the threshold for mandatory notification and full merger analysis as provided in the **Competition (General) Rules, 2019**.



8. The parties' activities overlap in the market for the importation of petroleum products under the OTS. Therefore, the relevant product market for the proposed transaction is the **market for the importation of Petroleum Products under the OTS**.
9. The parties to the transaction offer their services across Kenya and, therefore, the relevant geographical market is national.
10. **Importation of petroleum products** into Kenya is centrally coordinated by the Ministry of Energy and Petroleum through the OTS which has been in place since 2005. Data from the Energy and Petroleum Regulatory Authority (EPRA) indicates that 13 out of a possible 96 Oil Marketing Companies (OMCs) participate in the monthly OTS tenders.
11. Importation through the OTS is regulated by Ministry of Energy and Petroleum and covers the country's petroleum product requirements for a projected period. Monthly tenders are floated to all OMCs inviting them to bid for petroleum cargoes.
12. Given this oversight by the Ministry, the proposed transaction is unlikely to lessen or prevent competition in the participation of OMCs in the OTS and, subsequently, the upstream market for the importation of petroleum products.
13. 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.
14. With regard to public interest issues, the parties have indicated that the proposed transaction will not result in loss employment. Additionally, the merged entity notes



that it will be better placed to compete in international markets by leveraging the acquirer's parent companies' global experience in other markets.

15. Premised on the above, approved the proposed acquisition of 80% of the issued share capital of Gulf Energy Limited by Auron Energy Limited unconditionally.