



## THE PROPOSED ACQUISITION OF THE USHINDI BRAND LIMITED BY PWANI OIL PRODUCTS LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of Ushindi Brand Limited by Pwani Oil Product Limited unconditionally.
2. Pwani Oil Products Limited (Pwani Oil), the acquiring undertaking, is incorporated in Kenya. Its parent company also owns other entities doing business in Kenya, including a food product manufacturing firm, property development firm, and an asset holding firm.
3. Pwani Oil has four business segments. They are involved in the manufacture of cooking oil and fat, bathing products, bar soap products, and a firm that distributes the products to business such as hotels.
4. The Ushindi Brand, the target undertaking, is a soap brand manufactured under the trademark of PZ Cussons (Kenya) and PZ Cussons (International) Limited (UK) in Kenya. PZ Cussons UK has a significant presence in Africa with over 28% of its products being sold in Nigeria and approximately 5% being sold in the rest of Africa, including Kenya.
5. PZ Cussons Kenya is involved in the manufacture of general soap products, non-specialty cleaners, perfumes, cosmetics and other toiletries
6. Specifically, the products manufactured under the Ushindi Brand in Kenya include dish wash manual liquid, dish wash manual paste, fabric care liquid, fabric care powder, fabric care multi-purpose soap and fabric conditioner liquid. PZ Cussons has indicated its intention to continue manufacturing its other products including; perfumes, cosmetics and other toiletries.
7. The proposed transaction involves the acquisition of the Ushindi brand which includes general soap and detergents from PZ Cussons (Kenya) and PZ Cussons (UK) by Pwani Oil Limited. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
8. 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**.



9. Both the acquirer and the target are involved in the manufacture and distribution of general washing and bathing soaps. The target also manufactures industrial detergents. The parties' activities overlap in the manufacture and distribution of laundry and multipurpose soap, making this the relevant product market. The parties distribute their products across the country and, therefore, the relevant geographical market is national.

### National Market for Laundry and Multipurpose Soap

10. In Kenya, a majority of a wide variety of bar soap products are retailed in various formal and informal outlets. Additionally, through the saponification process, individuals can manufacture soap for self-subsistence or sale. For commercial purposes, there are various saponification businesses in the country.

11. The table below shows the market shares of the country's main solid soap manufacturers.

Solid Soap Manufacturer	Market Share
Menengai Oil Refineries Limited	31%
Bidco Oil Refineries Limited	16%
Pwani Oil	14%
Kapa Oil Refineries Limited	13%
Golden Africa Limited	8%
PZ Cussons	1%
Others	17%
<b>TOTAL</b>	<b>100%</b>

Source: Nielsen Data, December, 2019

12. Post-merger, there will be a slight market accretion that will result in the merged entity controlling 15% of the market. This will not confer a dominant position to the merged entity. In addition, the merged entity will face competition from other players in the market who have a combined market share of over 85%.

13. Based on the foregoing, the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for laundry and multipurpose soap in Kenya.



14. 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.
15. In regard to employment, there are no employees specifically attached to the Ushindi brand and, therefore, even after the hiving off of Ushindi products, the target's employees will continue working on other PZ Cussons' production lines.
16. Additionally, the parties have indicated that Pwani Oil is likely to bring on board more SMEs who will be interested in retailing Ushindi products alongside Pwani Oil products through its networked distribution channel.
17. Based on the foregoing, the Authority approved the proposed acquisition of the Ushindi Brand Limited by Pwani Oil Product Limited unconditionally.