



## THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF GALANA K LIMITED BY MONTFORT HOLDINGS LIMITED.

1. The Competition Authority of Kenya has approved the proposed acquisition of the entire issued share capital of Galana K Limited by Montfort Holdings Limited unconditionally.
2. Montfort Holdings Limited, the acquiring undertaking has no commercial presence in Kenya.
3. Galana K Limited, the target undertaking, is a subsidiary of Galana Petroleum Investment Limited (100%). The target's only operating subsidiary in Kenya is involved in the business of importation and distribution of refined oil.
4. The proposed transaction is an acquisition of the entire issued share capital of Galana K Limited by Montfort Holdings as well as JET AL, gasoline and gasoil products. This will effectively lead to a sole control of the target by the acquiring undertaking. The transaction, therefore, qualifies as a merger within the meaning of sections 2 and 41 of the Act, and the Merger Threshold Guidelines.
5. The parties' combined and relevant turnover for the preceding year was over Sh1 Billion and, therefore, the transaction met the threshold for mandatory Notification and full merger analysis as provided for in the Competition (General) Rules, 2019.
6. The acquirer does not have any commercial presence in Kenya while the target, through its subsidiary in Kenya, is involved in the importation and distribution of refined oil. Therefore, for purposes of analyzing the proposed transaction, the relevant product market was determined as the market for importation and distribution of petroleum products.
7. The target's products are distributed across the country and, therefore, the relevant geographic market for this analysis was determined as **national**.



8. **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.
9. 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.
10. The market is competitive with five top players namely; Vivo, Total, Rubis, Energy, OLA and Gulf Energy controlling 49.8% of the total market share, according to data from the Petroleum Institute of East Africa (PIEA).
11. Based on the foregoing, the Authority is of the view that the proposed transaction is unlikely to raise competition concern since only the target is currently present in the market.
12. In addition, given the Ministerial oversight, 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. Post-merger, the regulatory arrangements will remain in place and therefore the proposed transaction is unlikely to lessen or prevent competition in the market for the importation of petroleum under the OTS.
14. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. They 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 public interest issues, the merger is not expected to raise public interest issues. Specifically, the merger will not lead to any loss of employment. Additionally, the



merging parties have indicated that the transaction is not expected to negatively impact the competitiveness of the SMEs whom they have commercial engagements with, including at the retail stations.

**16. Based on the foregoing, the Authority approved the proposed acquisition of the proposed acquisition of the entire issued share capital of Galana K Limited by Montfort Holdings Limited unconditionally.**