



THE PROPOSED ACQUISITION OF HUSKY OUTDOOR EQUIPMENT LIMITED BY HUSKY AFRICA LIMITED.

1. The Competition Authority of Kenya has approved the proposed acquisition of control of Husky Outdoor Equipment Limited by Husky Africa Limited unconditionally.
2. Husky Africa Limited (Husky Africa), the acquiring undertaking, holds the East Africa distribution rights for outdoor power product manufacturers, Husqvarna AB and Wood-Mizer ZOO. Husky is also involved in the provision of in-house financial, operational, logistic, and supply chain management services, procurement and marketing assistance to its subsidiaries.
3. Husky Outdoor Equipment Limited, the target undertaking, is a Kenyan company involved in the sale and service of power products for forest, park, garden, and construction market segments. These products are sourced from Husqvarna Group.
4. The proposed transaction involves the acquisition of all issued shares of the target resulting in a direct change of control in the target. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.



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 holds the distribution agreements for Husqvarna AB and Wood-Mizer ZOO for the rights to distribute outdoor power products into East Africa. The target is involved in the sale and service of outdoor power products for forest, park, garden, and construction market segment and sources these products from the acquirer.
7. Therefore, for purposes of analyzing this transaction, the product market was determined as the market for the sale and distribution of outdoor power products for forest, park, garden, and construction market segments. The target distributes its products across Kenya and therefore the geographic market is national.
8. Outdoor power equipment includes aerators, augers, blowers, brush clearers, brush cutters, chain saws, dethatchers, hedge trimmers, lawnmowers, power rakes, snow blowers, and tillers.
9. The market is reliant on the growing demand by individual homeowners and commercial real estate owners for landscaping services. The demand for outdoor power products is also being driven by a growing culture of sustainable landscaping, green infrastructure projects an increasing affinity for turf sports such as golf.
10. Some of the players in the Kenyan market in direct competition with the target include globally-established undertakings such as STIHL, Echo, Shibaura, Oleo-Mac, Yamaha, Honda, and John Deere. Local competitors include Husqvarna Kenya



Limited. There are many players who supply assorted outdoor power products including Aratus Enterprises Ltd, W M Lawn Mowers Services Ltd, Protech Industrial Equipment Ltd, Kariuki Lawn Mowers, Kreatives, Bhatt Electro Machinery and Tools, Holman Brothers Limited. **The fact that there are many other players in this market implies that the barriers to entry and exit are not prohibitive.**

11. Notably, within the Kenyan territory, the acquirer has solely been selling its products to the target. Thereafter, the target sells the products to other resellers within Kenya. Whereas the acquirer has distribution rights from Husqvarna to distribute products within the East Africa region, it is highly unlikely that the proposed transaction will lead to a consolidation of market shares or that will it negatively affect the existing market structure since the company is relatively new. Further, the acquirer will face competition from existing market players.

12. Based on the foregoing, it is the Authority's view that the transaction is unlikely to substantially lessen and prevent competition in the market for the sale and distribution of outdoor power products for forest, park, garden, and construction market segments in Kenya.

13. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns which the Authority considers 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. The acquirer has noted that the transaction will not lead to loss of employment. Additionally, the parties have indicated that the transaction, if approved, will not negatively impact the competitiveness of small and medium-sized enterprises in the market.

15. Based on the foregoing, the Authority approved the proposed acquisition of the issued shares of Husky Outdoor Equipment Limited by Husky Africa Limited unconditionally.