



## THE PROPOSED CONVERSION OF DEBT IN WANANCHI GROUP (HOLDINGS) LIMITED INTO EQUITY.

1. The Competition Authority of Kenya has unconditionally approved the proposed conversion of debt advanced by three undertaking to Wananchi Group (Holdings) into equity.
2. Triple HoldCo Limited (THL), **the 1<sup>st</sup> acquiring undertaking**, does not control any entity in Kenya. However, its parent company controls various undertakings in Kenya, including in the fixed broadband services market.
3. Liberty Global Europe 2 Limited (Liberty), **the 2<sup>nd</sup> acquiring undertaking** is wholly owned by Liberty Global Plc, a publicly-traded holding company on the NASDAQ in the United States of America. It does not control any undertaking in Kenya.
4. Altice Africa S.A.R.L (Altice), **the 3<sup>rd</sup> acquiring undertaking** is involved in the acquisition, management, development, and transfer of securities in Luxembourg and other foreign countries. It does not control any undertaking in Kenya.
5. Wananchi Group (Holdings) Limited (Wananchi), **the target undertaking**, is a holding company operating under its shareholders' investment charter. Wananchi invests in companies dealing in technology, media, communications, and related companies. Its operations, which are carried out through subsidiaries, are;
  - i. Cable & Satellite TV Internet;
  - ii. Wholesale and carrier business;
  - iii. Enterprise internet connectivity; and



- iv. Internet connectivity via satellite
  
6. The transaction involves the three acquirers converting their debt in the target into equity, with certain controlling rights. The transaction, therefore, met the threshold for mandatory notification and full merger analysis as provided in the **Competition (General) Rules, 2019**.
  
7. The parties' combined and relevant revenue 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 provision of telecommunication services, specifically in the provision of fixed broadband services. Therefore, the relevant product market for the purposes of the analysis of this transaction was determined as the **market for the provision of data/internet and broadband services**. The parties provide their products across the country and, therefore, the relevant geographical market is **national**.
  
9. Statistics from the Communications Authority of Kenya (CA) indicate that, as at December 2021, the target was Kenya's second largest provider of fixed data and broadband services (28.7%) in terms of the number of data/internet subscriptions. (36.8%) is the market leader with 36.8%. Telkom, the 1<sup>st</sup> acquirer's affiliate, held a market share of 0.6%.
  
10. Post-merger the merged entity will have a combined market share of 29.3%. Therefore, post-transaction, the existing market structure will not change significantly.



Additionally, the merged entity will face stiff competition from the other market players. Further, in the four years to 2021, 12 Tier 2 Network providers entered the market, demonstrating that this sector does not have prohibitive barriers to entry.

11. 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.

12. As per the parties' public interest submissions, this transaction will not negatively affect employment, this is based on the fact that there will be no changes in the target's organizational structure. Further, the parties submitted that the transaction will not have negative effects on international market access and competitiveness of SMEs' competitiveness.

13. Premised on the foregoing, the Authority approved the conversion of debt in Wananchi Group (Holdings) limited into equity, unconditionally.