



## THE PROPOSED ACQUISITION OF THE CUSTOMER AND SALES AGENTS LIST OF AZURI TECHNOLOGIES KENYA LIMITED BY SOLAR PANDA KENYA LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of the customer and sales agents list of Azuri Technologies Kenya Limited by Solar Panda Kenya Limited unconditionally.
2. **Solar Panda Kenya Limited (Solar Panda), the acquiring undertaking**, is a Kenyan company involved in the retail sale and installation of pay-as-you-go solar home systems for use in rural Kenyan homes that do not have access to electricity.
3. **Azuri Technologies Kenya Limited (Azuri Kenya), the target undertaking**, is a wholly-owned subsidiary of Azuri Technologies. The target engages in the sale of solar home systems and related accessories across Kenya on a pay-as-you-go basis. The accessories include solar-powered television sets and satellite content through partnerships with brands such as Zuku and DStv.
4. The proposed transaction involves the acquisition of the target's customer and sales agents list (the "Target Business") by the acquirer. 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 assets for the preceding year was over Ksh. 1 billion and therefore met the merger threshold for mandatory notification and full merger analysis as provided in the Competition (General) Rules, 2019.
6. The parties' activities overlap in the provision of solar home systems and related accessories to rural off-grid homes on a pay-as-you-go basis across Kenya. Therefore, for

purposes of reviewing this transaction, the relevant product market was determined as the market for the **provision of solar-powered home systems**. The parties distribute their products across the country and, therefore, the relevant geographical market is **national**.

7. Solar home systems are off-grid products comprising a panel, multiple lighting points, and a separate battery. They are used to power various appliances, including bulbs, mobile phones, television and radio sets, among others.
8. Currently, there are over 100 players in the home solar power systems sector in the country. They include local manufacturers, locally-based distributors selling to end users and some intermediaries (brokers).
9. The Kenyan market is characterized by local and international players. Market players are adopting different system approaches, including vertically integrated in-house manufacturing, consumer financing, distribution, marketing. Others are offering horizontal expansion where they offer more than one part of the target market's value chain needs. According to the Authority's research, there are approximately 34 Plug and Play providers, 72 component-based players and 7 mini-grid entities operating in the country.
10. Since 2014, the sales of life-enhancing products such as off-grid solar products have surpassed five (5) million units, making Kenya a market leader in solar home system (SHS) in Africa. This success is also attributable to the adoption of business models such as pay-as-you-go (PAYGO) which has attracted a several players into the market. They include; Greenlight Planet, d.light, M-Kopa, BioLite, Bboxx, Givewatts, Bright, Spark Possibilities, Mysol, Solar Panda, and Azuri, among others.
11. According to the Global Off-Grid Solar Market Report (GOGLA), the total number of products sold between January and June 2020 was 1,002, 000 units. Premised on this statistic, the merging parties' combined market share is below 5%.

12. During merger analysis, the Authority considers the impact that the proposed transaction will have on competition in the specific market/sector and whether it raises any public interest concerns. **Thereafter, the Authority may approve the transaction with conditions, approve it without conditions, or reject it.**
13. The target's market share is low and, therefore, post-merger the market structure and concentration will not significantly change as to occasion competition concerns. Additionally, it is anticipated that the merged entity will face competition from the other market players controlling 95% of the market. Therefore, the proposed transaction is unlikely to lead to a substantial lessening of competition in the relevant market or raise any competition concerns.
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. As per the parties' submissions, this transaction will not negatively affect employment since the target business is mostly operated by commission-based sales agents. The seller engages sales agents who are not its employees. It is envisaged that through the proposed transaction, the target's agents will gain employment within the operation model of the acquirer. Therefore, if approved, this transaction will not occasion negative public interest concerns.
16. Premised on the above, the Authority approved the **transaction involving the acquisition of the Customer List and Sales Agent List of Azuri Technologies Kenya Limited by Solar Panda Kenya Limited unconditionally.**