



CAK DECISION ON THE PROPOSED ACQUISITION OF CONTROL OF TRAPIN HOLDINGS LIMITED BY PAMSTAD PROPRIETARY LIMITED

1. The Competition Authority of Kenya ('the Authority') has approved the proposed acquisition of control of Trapin Holdings Limited by Pamstad Proprietary Limited unconditionally.
2. This approval has been granted based on the finding that the transaction is unlikely to negatively impact competition in the market for trade marketing & branding services and distribution of fast-moving consumer goods (FMCG), nor elicit negative public interest concerns, the two key considerations during merger analysis.
3. **Pamstad Proprietary Limited (Pamstad)**, the acquirer, is a company incorporated in Botswana. It is controlled by CA Sales Holdings Limited, a dual-listed company on the Botswana Stock Exchange in Botswana and the JSE Stock Exchange in South Africa.
4. Pamstad is an investment entity. In Kenya, Pamstad, through Mac Mobile International Limited (Mac Mobile), specializes in sales force automation, including sales and invoicing to supply chain automation, customer engagement, and integrated mobile payments.
5. **Trapin Holdings Limited (Trapin), the target**, is a company incorporated in Kenya. It is involved in trade marketing, branding services and distribution of various FMCGs.
6. The proposed transaction involves the acquisition of minority shareholding of Trapin by Pamstad with minority protections and Board representation rights. The minority controlling rights include vetoing the appointment of majority of the senior management members, the business plan and the budget of the target undertaking. The aforementioned veto rights amount to acquisition of indirect control in the target.
7. According to the parties, the proposed transaction will provide growth capital to the target to expand its business operations in Kenya and Africa. Pamstad considers the proposed transaction as a good investment opportunity that will provide a good return for its investors.
8. The transaction qualified as a merger within the meaning of sections 2 and 41 of the Competition Act CAP 504 of the Laws of Kenya. The Act stipulates that a merger, or takeover, may occur when an undertaking directly or indirectly acquires control over another business within Kenya.

9. Additionally, merging parties whose combined turnover or an asset, whichever is higher, is over KES 1 Billion are required to seek approval from the Authority prior to implementing the proposed transaction. The transaction between Pamstad Proprietary Limited and Trapin Holdings Limited met this threshold for mandatory notification and full analysis as provided in the Competition (General) Rules, 2019.
10. During merger analysis, and in order to determine the impact that a transaction will have on competition, the Authority identifies the **relevant product market** as well as the **relevant geographic market**.
11. Determination of the **relevant geographic market** involves interrogating the area in which merging parties undertake the business and in which competition conditions are sufficiently similar. With regard to the proposed transaction, the Trapin sells its services and products country wide. Therefore, the relevant geographic market is **national**.
12. The **relevant product market** comprises products/services that are interchangeable or substitutable by the consumer due to their characteristics, prices and/or intended use. Based on this criterion, the relevant product market for the proposed transaction is the market for **trade marketing & branding services and distribution of FMCGs**.
13. Trade marketing is a business-to-business marketing strategy that focuses on increasing demand for products at the retailer, wholesaler, or distributor level rather than directly targeting consumers. It involves getting products stocked, displayed, and promoted by retailers and other intermediaries thus ensuring that the products are available and visible to end consumers at the point of sale.
14. Trade marketing, branding, and distribution of FMCG are closely linked, as they collectively drive product availability, visibility, and sales.
15. Some of the market players involved in trade marketing and branding services include Top Image, Elite Merchandising Services, EXP Kenya, Tria Group, Brand Spark, Truvalue Agencies, OnCue Marketing, Ogilvy, and TBWA among others.
16. Some of the major players in the market for distribution of fast-moving consumer goods include Coca-Cola, Unilever, and Procter & Gamble including various local distributors such as Mega Wholesalers and Bulkbox among others.
17. According to Trapin, its market share for the last three years for the trade marketing, branding, and distribution of FMCG is 10%, 13%, and 15% for the years 2021, 2022, and 2023 respectively. Post-merger, this market share will not change since the acquirer has no similar business in Kenya. Therefore, the structure and concentration of the markets for trade

marketing & branding services and distribution of FMCGs will not be affected, and as such the transaction is unlikely to raise competition concerns.

18. Post-merger, the market share of the merged entity will not change as the activities of the merging parties do not overlap. Therefore, the structure and concentration in the market for trade marketing and branding services will not be affected. Thus, the proposed transaction will not lead to substantial lessening or prevention of competition in the markets for trade marketing & branding services and distribution of FMCGs in Kenya.
19. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. Public interest in this case refers to various economically inclined concepts that, when considered, protect the welfare of the Public. In the Competition Act, some of the public interest considerations are:
 - a) extent to which a proposed merger would impact employment opportunities;
 - b) impact on competitiveness of SMEs;
 - c) impact on particular industries/sectors; and
 - d) impact on the ability of national industries to compete in international markets.
20. As per the parties' submissions, this transaction will not elicit negative public interest concerns.
21. Premised on the above, the Authority approved the proposed acquisition of control of Trapin Holdings by Pamstad Proprietary Limited be approved unconditionally.