

MERGER DECISION NO 36: 2015

DECISION ON THE PROPOSED ACQUISITION OF THE OPERATION OF KENTUCKY FRIED CHICKEN FRANCHISE RESTAURANTS IN BOTSWANA, OPERATING UNDER THE BRAND NAME “KFC BOTSWANA”, TOGETHER WITH ALL ASSETS RELATED TO OPERATION OF KFC FRANCHISE STORES FROM VPB PROPCO (PTY) LTD BY CALLUS (PTY) LTD

PURSUANT to section 60(4)(a)(ii) of the Competition Act (Cap 46:09), notice is hereby given on the decision made by the Competition Authority in respect of the proposed acquisition of Kentucky Fried Chicken franchise restaurants in Botswana, operating under the trade name “KFC Botswana”, together with all the assets related to the operation of the KFC franchise stores of VPB Propco (Pty) Ltd by Callus (Pty) Ltd

Though there are no substantive competition concerns that would arise in the market for quick-service or fast food restaurants, the transaction has raised some public interest concerns and as such, the Authority determined to authorise the proposed transaction with the following conditions:

- i. Callus will continue sourcing from the same suppliers that were engaged by VPB and are YUM Restaurants International (Pty) Ltd accredited as well as consider sourcing from any other YUM accredited suppliers based in Botswana;
- ii. Callus will ensure that there will be no job losses as a result of the proposed transaction;
- iii. Callus should demonstrate to the Authority efforts made towards facilitating that local suppliers penetrate or meet YUM Restaurants International (Pty) Ltd’s standards of accreditation; and
- iv. Callus is expected to annually (for a period of three years) submit to the Competition Authority, a detailed report indicating a list of its new and old Botswana based suppliers, as well as the efforts referred to under (iii) above.

Pursuant to the provisions of section 55 of the Competition Act, the Authority has conditionally approved the proposed acquisition.

However, as stated under section 66 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone this 10th day of December, 2015

Gideon Nkala, Acting Chief Executive Officer, Competition Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013