COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 020529

In the matter between:

Atlantic Industries Primary Acquiring Firm

And

Coca-Cola Shanduka Beverages (Pty) Ltd Primary Target Firm

Panel	:	Andreas Wessels (Presiding Member) Anton Roskam (Tribunal Member) Fiona Tregenna (Tribunal Member)
Heard on	:	04 February 2015
Order issued on	:	04 February 2015
Reasons issued on	:	11 February 2015

Reasons for Decision

Approval

[1] On 04 February 2015 the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Atlantic Industries ("Atlantic") and Coca-Cola Shanduka Beverages (Pty) Ltd ("CCSB").

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

Acquiring firm

[3] The primary acquiring firm is Atlantic, a company incorporated in the Cayman Islands. Atlantic is ultimately controlled by The Coca-Cola Company ("TCCC"), through The Coca-Cola Export

Corporation ("TCCEC"). TCCC is a publicly-listed company incorporated under the laws of the State of Delaware, United States of America, with its registered office in Atlanta, Georgia.

[4] TCCC is a brand owner and supplier of concentrates for non-alcoholic beverages, which it sells to bottling and canning companies. TCCC markets 24 brands in the non-alcoholic beverages market in South Africa.

Target firm

[5] The primary target firm is CCSB. CCSB is currently owned by the Shanduka Group, through Shanduka Beverages Proprietary Limited ("Shanduka Beverages") as to 70% and by TCCC through its subsidiary, Atlantic as to 30%.

[6] CCSB is an authorised TCCC bottler, appointed by TCCC to bottle and distribute branded TCCC products in a defined territory in South Africa.

Proposed transaction and rationale

[7] In terms of the proposed transaction Shanduka Beverages, Atlantic, CCSB and TCCEC have entered into a Subscription and Re-purchase Agreement, in terms of which Atlantic will subscribe for 1400 additional shares in CCSB. Shanduka Beverages will then sell the shares it holds in CCSB back to CCSB following which the shares repurchased by CCSB from Shanduka Beverages will be cancelled and Atlantic will hold all of the issued shares in CCSB.

[8] TCCC submitted that the proposed transaction will assist in its intention to facilitate the combination of certain of its authorised bottlers into a single, authorised bottling operation.

[9] The Shanduka Group submitted that the proposed transaction will assist with its current process of ownership restructuring and reorganisation of its asset portfolio, including in relation to its 70% holding in CCSB.

Competition assessment

[10] The Competition Commission ("Commission") found that the proposed transaction results in no horizontal overlap of activities, since TCCC is a brand owner and supplier of concentrates for non-alcoholic beverages, whilst CCSB is an authorised bottler and distributor of TCCC branded products in South Africa.

[11] The Commission further found that CCSB bottles and distributes non-alcoholic beverages exclusively for TCCC. Furthermore, TCCC does not use any other external bottling companies except its own authorised bottlers. The proposed transaction therefore is unlikely to raise vertical competition concerns.

[12] We concur with the Commission's findings and conclusions on the merits.

Public interest

[13] The merging parties confirmed that the proposed transaction will not have any negative effect on employment.[1]

[14] The proposed transaction further raises no other public interest concerns.

CONCLUSION

[15] The proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market and does not raise any

[1] Merger record *inter alia* page 6.

public interest concerns. We therefore approve the proposed transaction without conditions.

Mr Andreas Wessels	11 February 2015 DATE

Mr Anton Roskam and Prof. Fiona Tregenna concurring

Tribunal Researcher:	Caroline Sserufusa
For the merging parties:	Chris Charter of Cliffe Dekker Hofmeyr
For the Commission:	Gilberto Biacuana