

Media Statement

For Immediate Release

11 February 2020

**Commission Recommends the Conditional Approval
of PepsiCo's Acquisition of Pioneer Foods**

The Commission has recommended to the Competition Tribunal (Tribunal) the approval of the proposed transaction in which Simba (Pty) Ltd, a subsidiary of PepsiCo, intends to acquire Pioneer Foods Group Limited (Pioneer Foods) subject to certain conditions.

PepsiCo supplies various packaged foods and snacks throughout the world. PepsiCo, through Simba, supplies several ready-to-eat products in South Africa under well-known brands which include Simba, Lays, Dorito's, NikNaks and Fritos.

Pioneer Foods is a South African producer and distributor of a range of branded food and beverage products. It operates mainly in South Africa, providing wholesale, retail and informal trade customers with its products and exports to more than 80 countries. Its food brands include Sasko, White Star, Weetbix, Safari and Wellingtons, while its beverage brands include Ceres, Liquefruit and Fruitree.

The Commission found that the proposed transaction, which will result in significant public interest benefit for South Africa including the transfer of at least R1.6 billion in equity to workers, is unlikely to result in a substantial prevention or lessening of competition in any relevant markets.

The Commission has recommended that the Tribunal approves the merger subject to several public interest commitments including:

- (i) A moratorium on merger related retrenchments for a certain period;
- (ii) The creation of additional jobs at the merged entity;
- (iii) Significant investment in the operations of the merged entity, the agricultural sector and the establishment of an enterprise development fund; and
- (iv) A B-BBEE transaction to the value of at least R1.6 billion that will promote a greater spread of ownership and participation by workers / historically disadvantaged South Africans.

[ENDS]

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