



**competition commission**  
south africa

## **Media Statement**

**For Immediate Release**

**12 March 2023**

### **COMMISSION WELCOMES TRIBUNAL'S APPROVAL OF HEINEKEN AND DISTELL MERGER**

The Competition Commission (Commission) welcomes the decision issued by the Competition Tribunal (Tribunal) approving the proposed international merger transaction between European brewer, Heineken, and South African alcohol producer, Distell Group Holdings Limited in South Africa ("Distell").

The Tribunal's approval, issued on 9 March 2023, is subject to a range of competition and public interest conditions recommended by the Commission in its referral of the case in September 2022.

In its investigation, the Commission found that the merger would combine Distell's Savanna and Hunter's brands with Heineken's Strongbow to create the largest cider manufacturer in the country. Together, Heineken and Distell would have a market share above 65% in the supply of flavoured alcoholic beverages and an even higher market share in the supply of ciders. The Commission recommended that the Tribunal approve the merger subject to the divestiture of Heineken's Strongbow brand to encourage competition and promote entry into the highly concentrated alcoholic beverages sector.

The merger parties also agreed to public interest conditions that promote supplier development, maintain local procurement, encourage investment in research and development and increase local manufacturing capacity. The merged entity also committed to promoting worker ownership by establishing an employee share ownership plan and giving workers board representation in the merged entity.

"The conditions ensure that we meet our dual objective of promoting and maintaining competition and ensuring that mergers are regulated in keeping with the public interest. We recommended that the divestiture be done in a way that promotes transformation to ensure that this historically concentrated sector is opened to allow for greater participation by all South Africans," says Competition Commissioner Doris Tshepe.

Following considerations put forward during the Tribunal hearings by interested parties, conditions were also incorporated to address allegations of human rights abuses including an investigation of working

conditions on the affected farms and commitments to human rights standards for workers such as the provision of adequate sanitation facilities in the vineyards for workers. Also, Newco - a special purpose vehicle controlled by the Heineken Group - will have to undertake an audit that will cover fair wages, reasonable working hours, a safe and dignified working environment, and health and safety standards and will include a representative sample of other farms which directly or indirectly supply products to Newco.

A non-confidential version of the conditions is available on the Tribunal's website at <https://www.comptrib.co.za/case-detail/19820>.

## **[ENDS]**

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## **BACKGROUND**

On 9 September 2022, the Commission referred this large merger to the Tribunal for conditional approval. It involved the Heineken Group through Sunside Acquisitions Proprietary Limited acquiring a controlling interest in Namibian Breweries Investment Holdings Limited ("NIH") and the flavoured alcoholic beverages, wine, and spirits operations of Distell Group Holdings Limited. In South Africa, the Heineken Group operates the Sedibeng brewery, producing a range of beers including, amongst others, Heineken, Amstel, and Windhoek. Prior to the merger, Heineken entered into various agreements with Namibian Breweries Limited ("NBL") to manufacture, market, and distribute NBL's products, such as Windhoek, in South Africa.

Heineken also owns and operates a network of 13 distribution depots and undertakes its own primary and secondary distribution to supply its products across South Africa. Heineken launched Strongbow (a cider brand) in South Africa in 2016 and manufactures and supplies several South African craft beer brands including Jack Black and Stellenbrau. Further, Heineken also owns Fox, a cider brand introduced in 2020.

Aside from Distell, Heineken is the only significant manufacturer of ciders in South Africa. The primary target firms are NIH and the In-Scope Assets of Distell. NIH is controlled by Ohlthaver & List Beverage Company (Pty) (“O&L”) and Heineken.

The Target Businesses or In-Scope Assets comprise the flavoured alcohol beverages (FABs), spirits and wine business of Distell. In the FABs segment, the transaction includes the two largest cider brands in South Africa, Hunter’s and Savanna. The Distell brands that will be excluded from the transaction include Black Bottle, Bunnahabhain, Burn McKenzie, Deanston, Gordons Gin, Scottish Leader, and Tobermory Gin (Out-Of-Scope Assets). The Out-of-Scope Assets business involves the distillation, maturation, blending, bottling, distribution, and marketing operations of the above brands.