

18 December 2024

CCC Merger Inquiry Notice No. 44 of 2024

Notice of Inquiry into the Proposed Acquisition of Control by Mars, Incorporated of Kellanova.

It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations regarding the Proposed Acquisition by Mars, Incorporated (“**Mars**” or the “**Acquiring Firm**”) of Kellanova (the “**Target Firm**”), intends to embark on an inquiry in terms of Article 26 of the Regulations.

The parties have submitted that Mars is a family-owned, multinational supplier of confectionery, food products, and pet food and a provider of animal care services. It operates its business in three segments: (i) snacking; (ii) food and nutrition; and (iii) petcare. Mars Snacking comprises of a range of chocolate, chewing gum, mints, fruity confections and snack bars. The parties have submitted that Mars food & nutrition provides healthy, tasty and affordable meals through a range of food products and sauces. Mars petcare provides pet nutrition, health and veterinary services. It provides veterinary and diagnostic services and, in some cases, sells its own pet food brands through veterinary networks. The parties have confirmed that Mars does not provide veterinary or diagnostic services in the Common Market. In the Common Market, Mars operates in Djibouti, Egypt, Kenya, Libya, Madagascar, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia and Uganda.

The parties have submitted that Kellanova, which was formerly known as Kellogg Company, principally manufactures and markets snacks, such as crackers, savoury (salty) snacks, toaster pastries, granola, snack bars and bites, and convenience foods, such as ready-to-eat cereals, frozen waffles, veggie foods, and noodles. In the Common Market, the Target Firm operates in the Democratic Republic of Congo, Egypt, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Uganda, Zambia and Zimbabwe.

The notified transaction concerns the acquisition of sole control by Mars of Kellanova.

The parties submitted that this transaction presents an opportunity for Mars to expand its snacking business into new categories and geographies with Kellanova’s differentiated offering. It allows Mars to diversify its snacking offering into segments it

does not currently serve, including savoury snacks, frozen foods and cereals. The parties stated that with the merging parties' differentiated geographical footprint and local supply chains, Mars will also be able to serve a broader customer base across the globe.

The parties further submitted that post-transaction, Mars and Kellanova will also create a more diversified, efficient and innovative company. Mars and Kellanova will be able to accelerate product innovations and better serve the evolving tastes and demands of consumers post-transaction. In particular, Mars Snacking's recent strategic priorities are to address health and wellness needs of consumers and improve the healthiness of its products. The parties further stated that the transaction will give Mars the ability to accelerate this strategic evolution with Kellanova's differentiated product range and develop more healthy options for consumers (e.g., more wholegrain and enhance fibre snack offerings).

The parties also submitted that the transaction will create a better platform for serving retailers, distributors and consumers in the snacking industry by enabling the merging parties to pool their resources in manufacturing, distribution and marketing and be in a position to deliver products more efficiently to a broader customer base post-transaction. The synergies from the combined operations are expected to result in cost savings, which can be invested into future innovations and growth initiatives.

The Commission will, in accordance with the provisions of the Regulations, determine, among other things, whether the proposed transaction is likely to substantially prevent or lessen competition within the Common Market and whether the proposed transaction is or would be contrary to the public interest as provided for under Article 26 of the Regulations.

In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the parties to the proposed transaction to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: sbundhun@comesacompetition.org. All written representations should be sent to the Commission not later than **17 January 2025**.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Ms. Sunjida Bundhun, Principal Analyst, Competition Division** on Tel: +265 (0) 111 772 466 or sbundhun@comesacompetition.org.

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.