

# SABMiller and Topvar merger

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# Undertakings

- SABMiller
  - international concern
  - main activity: production and distribution of beer
  - in Slovakia: brewery in Velky Saris + imports
- Topvar
  - traditional Slovak beer producer
  - main activity: production and distribution of beer
  - brewery in Topolcany

# Structure of the market

- Brewery industry in Slovakia

Brewery	2002	2003	2004
<i>SABMiller</i>	25 %	26 %	28 %
<i>Topvar</i>	13 %	13 %	12 %
<i>SABMiller + Topvar</i>	38 %	39 %	40 %
<i>Heineken</i>	42 %	42 %	40 %
<i>Others (5)</i>	< 5 %	< 5 %	< 4 %
<i>Imports</i>	1 %	1 %	2 %
<i>Total market</i>	100 %	100 %	100 %

# Relevant markets

- Production of beer for supply to the on-trade companies (hotels, restaurants, pubs and coffee bars)
  - market shares: SABMiller - 28 %, Topvar – 16 %, Heineken – 40 %
- Production of beer for supply to the off-trade companies (retail chains and retail outlets)
  - market shares: SABMiller – 31 %, Topvar – 10 %, Heineken – 44 %

# Effect of concentration

- Duopol - same structure of SABMiller and Heineken in these terms:
  - market shares
  - number and location of production facilities
  - production capacity
  - regional presence of both companies
  - portfolio of beers
  - distribution systems
  - marketing activities

# Collective dominance?

## Main features of analysis:

- possibility to start coordination
- sustainability of coordination
- possibility to simplify existing coordination

## Impacts on relevant markets:

- on-trade market – need for extended analysis
- off-trade market – no signs for coordination

# On-trade market

## Price coordination

Basic information for price analysis:

- Official price lists
  - changes
  - development
  - structure of changes

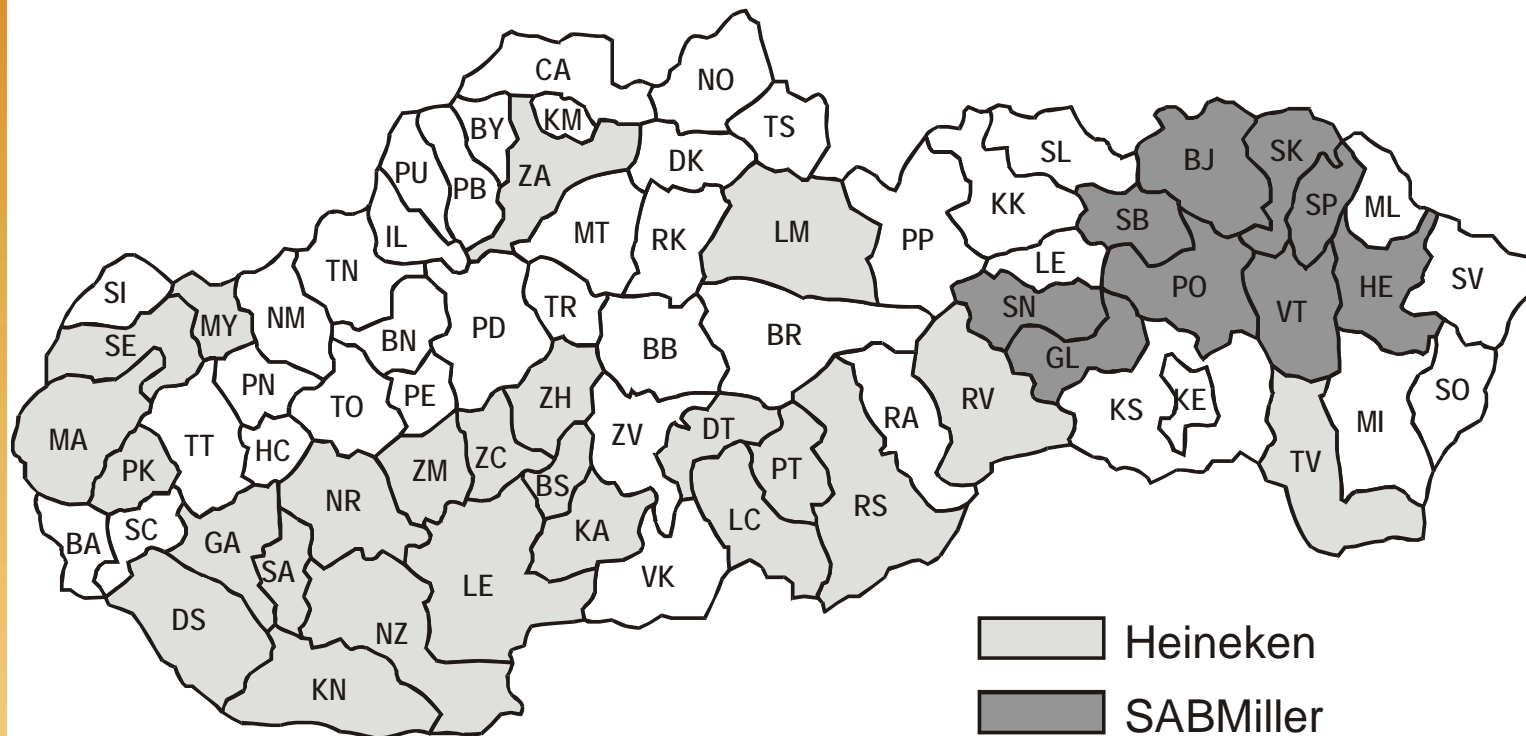
# On-trade market

## Coordination in market segmentation

### Basic information for district analysis:

- number of on-trade companies contracted by SABMiller and Heineken in each district of Slovakia
- volume of beer contracted by SABMiller and Heineken for each on-trade company in each district of Slovakia
- share of contracted beer in each district to find the main districts of both breweries (relevant criteria: 75 %)

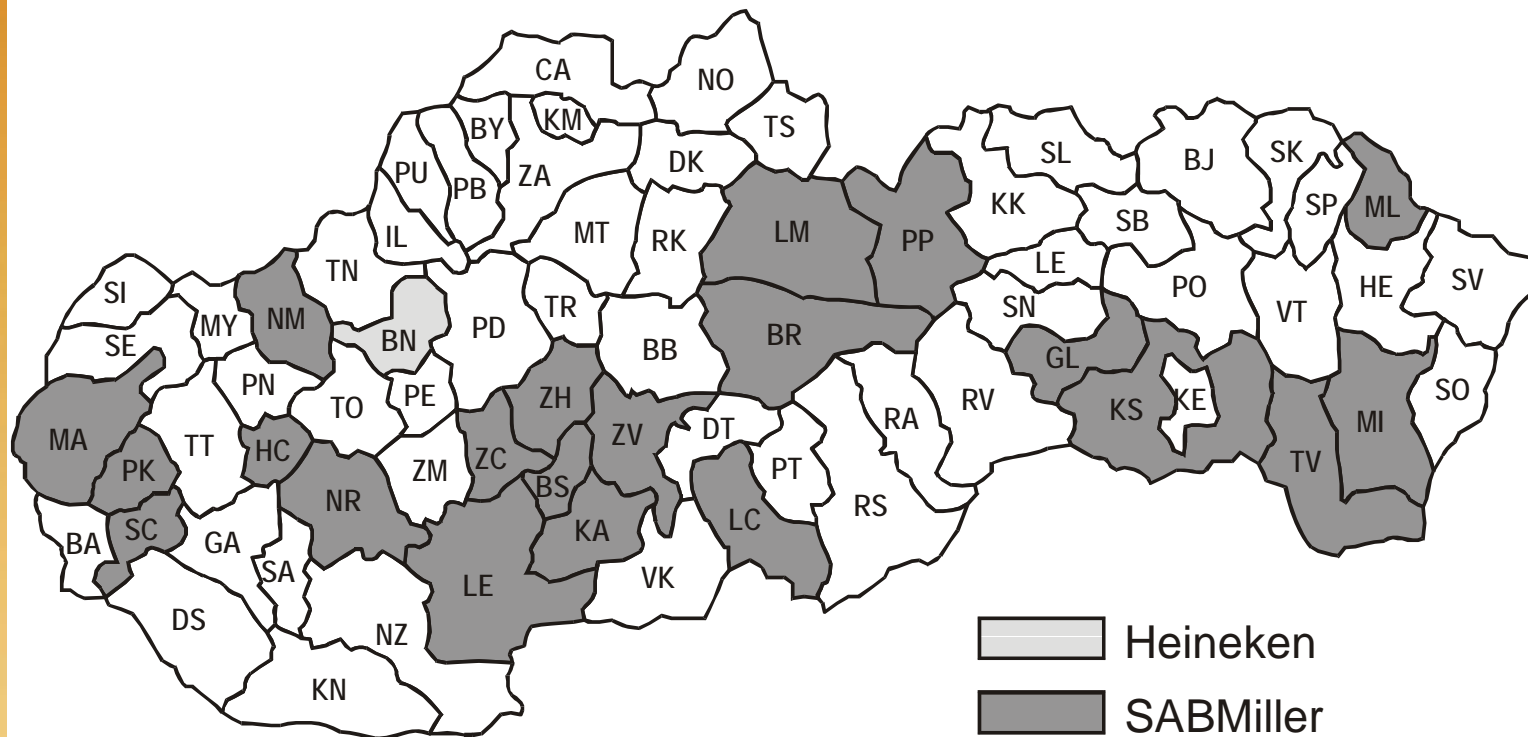
# The strongest positions in 2003





# Increase of contracts

(more than 15 % between 2003 and 2005)



# Conclusion

- No changes in existing market characteristics which would lead or simplify coordination
- Symmetry of SABMiller and Heineken already before the merger
- No prove of coordination before the merger
- Evidences of competition on the markets
- Clearance of notified concentration between SABMiller and Topvar

**Thank you!**