



**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No.: LM139Dec24

In the matter between:

AFGRI Agri Services (Pty) Ltd

Primary Acquiring Firm

and

MAS Corporation (Pty) Ltd

Primary Target Firm

Panel	:	I Valodia (Presiding Member)
	:	A Ndoni (Tribunal Member)
	:	G Budlender (Tribunal Member)
Heard on	:	17 January 2025
Order issued on	:	17 January 2025
Reasons issued on	:	23 January 2025

REASONS FOR DECISION

Introduction

- [1] On 17 January 2025, the Competition Tribunal (“Tribunal”) unconditionally approved a large merger wherein AFGRI Agri Services (Pty) Ltd (“AAS”) intends to acquire 100% of the shares in MAS Corporation (Pty) Ltd (“Mascor”). Post-merger, AAS will have sole control of Mascor.

The parties and their activities

Primary Acquiring Firm

- [2] The primary firm is AAS, a South African incorporated company controlled by AFGRI Group Holdings Proprietary Limited (“AGH”). AGH is wholly owned by AFGRI Holdings Proprietary Limited (“AHL”) which is controlled by Joseph Investment Holdings (“JIH”). JIH is a company incorporated in Mauritius, ultimately controlled by Helios Fairfax Partners Corporation (“Helios”), a company listed on the Toronto Stock Exchange. AAS and all its directly or indirectly controlling firms are referred to as the “Acquiring Group”.
- [3] The Acquiring Group provide agricultural services across the grain production and storage cycle. This transaction is relevant to the Acquiring Group’s supply of John Deere branded agricultural, construction and forestry equipment in terms of a franchise agreement in the Free State, Mpumalanga, Gauteng, Limpopo and the Western Cape.

Primary Target Firm

- [4] The primary target firm is MAS Corporation (Pty) Ltd (“Mascor”), a John Deere branded agricultural, construction and forestry equipment business in South Africa, wholly controlled by Mascor Trust. Mascor, referred to as the “Target Business” does not control any other firm.
- [5] The Target Business is a retail supplier of John Deere branded new and used agricultural, construction and forestry equipment. Its activities are conducted from dealerships in KwaZulu Natal and Mpumalanga.

Competition assessment

- [6] The Commission assessed the activities of the merging parties and found that there is a horizontal overlap concerning the retail supply of (i) agricultural equipment, (ii) construction equipment, and (iii) forestry equipment.
- [7] The Commission found that the proposed transaction will not result in any vertical overlap because the merging parties do not operate at different levels of the same value chain.
- [8] The Commission did not reach a definitive conclusion on the relevant market due to the lack of concerns; however, assessed the merger's effect on the retail supply of agricultural, construction and forestry equipment.
- [9] The Commission found no geographic overlap because the merging parties have specifically allocated areas of responsibility ("AOR") under the franchise agreement where dealerships are operated respectively.¹
- [10] The Commission contacted the merging parties' customers who raised no concern with the proposed transaction and confirmed that they procure agricultural, construction and forestry equipment from the nearest dealerships.
- [11] Based on the above, we are of the view that the merger is unlikely to substantially lessen or prevent competition in any relevant market(s).

Public interest

Effect on employment

- [12] The merging parties submitted that the proposed merger will not have any negative effect on employment because all employees of the Target Business will be

¹ Although both the parties have dealerships in Mpumalanga, the dealerships are located in different towns which are more than 100km away from each other.

transferred to the Acquiring Group in accordance with section 197 of the Labour Relations Act 66 of 1995.

- [13] The employees of the Acquiring Group are represented by the Labour Equity General Workers Union of South Africa (“LEWUSA”) and Solidarity, while those of the Target Business are represented by the Motor Industry Staff Association (“MISA”). The Commission contacted these trade unions during its investigation of the proposed transaction.
- [14] MISA and Solidarity raised no concerns with the proposed transaction. LEWUSA did not respond to the Commission’s correspondence.
- [15] Considering the above, we are of the view that the merger will not have any negative effect on employment.

Effect of the promotion of greater spread of ownership by historically disadvantaged persons (HDPs)

- [16] The Commission found the Acquiring Group holds 20.98% of HDP ownership, while the Target Business has none. The Acquiring Group’s HDP credentials are based on AHL’s recent broad-based black economic empowerment (“B-BBEE”) certificate with a level 3 achievement.
- [17] The merging parties propose that the proposed transaction would increase the Target Business's B-BBEE status to level 3 (by 31 August 2025), allowing its customers to recognise 110% of their procurement spend with AHL and its subsidiaries for their B-BBEE status evaluation. Concurrently, the Target Business would gain competitiveness for government tenders and benefit from accessing relevant grants and improved ability to attract investment.
- [18] In light of the above, we agree that the proposed transaction will promote HDP ownership in the Target Business as contemplated in section 12A(3)(e) of the Act.

Other public interest considerations

[19] The proposed transaction does not raise other public interest issues.

[20] Considering the above, we concluded that the proposed transaction raises no public interest issues.

Conclusion

[21] For the reasons set out above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market and does not raise any significant public interest concerns.

[22] We therefore approve the proposed transaction.



Ms Andiswa Ndoni

23 January 2025

Date

Prof. Imraan Valodia and Adv. Geoff Budlender SC concurring.

Tribunal Case Manager: Theresho Galane

For the Merger Parties: Desmond Rudman and Bianca Viljoen from
Webber Wentzel Attorneys

For the Commission: Ndiwhuwo Moleya and Wiri Gumbie