



THE PROPOSED ACQUISITION OF SOLE CONTROL OF AGT FOOD AND INGREDIENTS INC. BY 2667980 ONTARIO INC.

1. The Competition Authority of Kenya has approved the acquisition of sole control of AGT Food and Ingredients Inc. by 2667980 Ontario Inc.
2. 2667980 Ontario Inc. (Ontario Inc.), the acquirer, is a special-purpose vehicle incorporated in Canada for purposes of this transaction on behalf of Fairfax Financial Holdings Limited (FFH).
3. FFH, through its subsidiaries, is principally engaged in property and casualty insurance, reinsurance and investment management. FFH's subsidiary in Kenya, Private Safaris, provides tours and flying doctors services.
4. AGT Food and Ingredients Inc. (AGT), the target, is involved in the processing and distribution of pulses (peas, beans, lentils and chickpeas) and popcorn. In Kenya, it imports lentils, dry peas and popcorn.
5. The proposed transaction involves the acquisition of acquisition of sole control of AGT Food and Ingredients Inc. by 2667980 Ontario Inc. The proposed transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
6. The parties' combined turnover for the preceding year was **over Sh1 billion** and, therefore, the transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
7. The acquirer is engaged in property and casualty insurance, reinsurance and investment management while the target is involved in food processing and distribution of pulses and popcorn.
8. Popcorn is one of the several types of corn which also includes dent corn, flint corn, pod corn, flour corn and sweet corn. Therefore, the relevant product market for the analysis of this transaction is the market for processing and distribution of pulses and maize/corn. AGT

distribute its products across Kenya and therefore the relevant geographical market is national.

9. Data from the Kenya Investment Authority indicates that Kenya produces approximately 600,000 tonnes of pulses and imports another 200,000 tonnes every year.
10. For the year ended 2017, AGT handled 3,345 tonnes of pulses, placing its approximate market share at 0.4181%.
11. Post-merger, the market share of the merged entity will not change since the acquirer is not in similar market. Therefore, it is the Authority's view that the proposed transaction is unlikely to affect the structure and concentration of the market for pulses in Kenya.
12. The Kenya National Bureau of Statistics Economic Survey 2017, indicates that Kenya produced 265,800 tonnes of maize/corn and imported another 480,124 tonnes in 2015. AGT handled 424 tonnes (0.0568%) of this.
13. Post-merger, the Authority does not envisage a change in the market structure and concentration since the acquirer is not in the same market.
14. Based on the foregoing, the Authority is of the view that the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for pulses and maize/corn in Kenya.
15. With regards to public interest issues, the transaction is unlikely to lead to any negative public issues.
16. Premised on the fact that the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed acquisition of sole control of AGT Food and Ingredients Inc. by 2667980 Ontario Inc.