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Prestige deal gives Agostini a new growth engine

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THIS morning, Agostini Ltd will host a special general meeting of shareholders at the Hyatt Regency to vote on a proposed issuance of 13,022,334 new common shares. The shares will be issued to the shareholders of Prestige Holdings Ltd (PHL) as consideration for Agostini's planned acquisition of 100% of PHL's issued and outstanding common shares.

The acquisition is structured as a share swap: PHL shareholders will receive one Agostini share for every 4.8 PHL shares they currently hold.

Agostini CEO Barry Davis described the proposed deal as a 'win-win' for both companies, saying it will deliver value not just to shareholders, but also to employees across both organisations.

As it stands, Agostini operates in 10 regional markets and exports to more than 20 additional countries, giving the group a combined footprint across 30 territories and a workforce of approximately 3,500 employees.

The company's operations span three primary sectors: Pharmaceuticals and Healthcare (Aventa) Consumer Products (Acado) Energy and Industrial 'We are a Caribbean entity we are no longer a Trinidad and Tobago operation. We have travelled a long way in the past ten years,' Davis said.

According to Davis, as recently as 2015, 99% of the company's operations were based in Trinidad and Tobago. At the time, its only overseas interest was a 40% stake in a joint venture in Guyana.

This began to change in July 2015, when Agostini entered into a joint venture with Goddard Enterprises Ltd, a publicly traded Barbadian company, to form Caribbean Distribution Partners Ltd (CDPL).

CDPL is jointly owned, with each group holding a 50% stake.

"That was the first significant change in terms of expanding the Agostini Group outside of T& T,' Davis said.

Agostini's regional expansion has accelerated over the past several years through a series of strategic acquisitions:
September 11, 2020 – Agostini Ltd and its subsidiary, Smith Robertson & Co. Ltd, entered into a share purchase agreement with the shareholders of Oscar Francois Ltd and Intersol Ltd to acquire 100 percent of the issued and outstanding shares in both companies.

 April 26, 2021 – Agostini and its subsidiary, Rosco Petroavance Ltd, executed a Letter of Intent with the shareholders of Process Components Ltd to acquire 100 percent of the issued and outstanding shares in the company.

 April 6, 2022 – Agostini entered into a share purchase agreement with the shareholders of Collins Limited-a Barbadian pharmaceutical and personal care distribution company-and its pharmaceutical manufacturing subsidiary, Carlisle Laboratories Ltd, to acquire 100 percent of the issued and outstanding shares of both companies.

 May 3, 2023 – Through Caribbean Distribution Partners Ltd (CDPL), Agostini acquired 80 percent of the issued and outstanding shares of Chinook Trading, a Canada-based company operating primarily in the Caribbean.

 May 10, 2023 – Agostini signed a sale and purchase agreement with the shareholders of Health Brands Ltd, a Jamaican pharmaceutical distribution company, to acquire 100 percent of the issued and outstanding shares.

 June 16, 2024 – Agostini signed a sale and purchase agreement with the shareholders of Aventa N.V. (Curaçao), Aventa Aruba N.V., and Pharmaceutical Warehousing Incorporated (Curaçao)three pharmaceutical and personal care distribution companies-to acquire 100 percent of the issued and outstanding shares in all three entities.

In addition to these acquisitions, in February CDPL signed a signed a Share Purchase Agreement to acquire 100% of the shares in Massy Distribution (Jamaica) Ltd.

Davis said the acquisition is expected to be completed next month, as discussions are still ongoing with the Fair Trading Commission in Jamaica.

He added that the PHL acquisition aligns with Agostini's broader strategic direction.

'We do see Prestige as a very strong, well-run organisation. They would provide a significant new business for our Group," he said.

"This provides a significant new pillar upon which we can continue to build our operations,' he said, noting that Agostini now has four key pillars for growth, up from three.

Davis said the PHL acquisition will help Agostini continue along the path it has followed over the past decade expanding its operations beyond Trinidad and Tobago.

'The acquisition would provide synergies from an operation perspective in terms of shared services and back-office support that you can share because you have two significant operations that you could make use of one another's assets,' he said.

'But the opportunity to expand Prestige outside Trinidad and Tobago is an exciting one from the perspective of our experience what we have built outside of Trinidad and Tobago,' he said.

Davis said 41% of Agostini's operations are now based outside of T& T.

The goal is to get that to 50% in the next three years, he said.

David said approximately 96.5% of PHL's sales originated from Trinidad and Tobago as of fiscal year 2024, highlighting a significant reliance on the local market.

"We see a significant opportunity to help them expand beyond T& T with our infrastructure, with our resources, with the people we have and the experience that we have gained in building these businesses and operating these businesses outside of T& T,' he said.

'We have acquired businesses, we have integrated them into our operations in Jamaica, In Barbados, in the Dutch Caribbean, very successfully. There will be significant opportunities from that perspective. We have warehousing, we have distribution we can help facilitate the expansion beyond T& T and they have a very strong balance sheet, they are very
profitable generating cash. And so with our balance sheet it will give a strong foundation and a base upon which we can continue to grow our businesses in the region,' he said.

Davis noted that expanding beyond Trinidad and Tobago's borders could also help PHL address the ongoing challenges of accessing foreign exchange, a persistent issue for companies operating locally.

He said while Agostini also faces the challenges their regional expansion has helped soften the blow.

"The forex situation affects us significantly. You do spend a lot of time and effort trying to identify, and sort out, and work out with suppliers ways to pay them to meet the commitments. We do import a lot,' Davis said.

'Wedohaveopportunitiesinternationally we do generate forex but it is not enough to cover all of our business because we do import a lot,' he said.

'It is something we spend a lot of time around strategy and when we look at our business it does focus our attention on how do we build business outside of T& T to help Agostini but it is regular problems,' he said.

Davis said Agostini's decentralised structure will support the effective management of PHL following the acquisition.

'We are very familiar with retail. We are not specifically in restaurant management but we do have a decentralsied way of operating that the Prestige management team has been excellent and they have done extremely well especially coming through covid and surviving covid so from that perspective they will continue to operate,' he said.

Davis said PHL shareholders will receive an immediate return on their investment through the share swap arrangement.

Prestige Holdings in a directors' circular issued last week recommended the share swap.

"Agostini Ltd (AGL) has made an offer to acquire 100% of the issued and outstanding shares of Prestige Holdings Ltd (PHL) through a share-for-share exchange. The exchange ratio is 1 AGL share for every 4.8 PHL shares, depending on the specific terms. Fractional shares resulting from the exchange will be paid in cash based on the market value of AGL shares. At the close of business on July 4, 2025, the offer values PHL shares at $13.85 per share, representing a 6.9% premium over PHL's last traded price of $12.96. The board is recommending a special dividend of $0.50 to be paid to all shareholders whose names appear on the Register of Members at the close of business on July 18, 2025, subject to the successful completion of the Offer, to be paid on the September 3, 2025. This is in addition to the interim dividend of $0.18 approved by the board on June 26, 2025; to be paid to all shareholders on July 25, 2025 whose names appear on the Register of Members at the close of business on July 9, 2025. The board exercises its judgment on an informed basis, after reasonable investigation and analysis of the situation and with a reasonable basis for believing that its actions are in the best interest of the Company. The Board is recommending that shareholders accept the Offer," it stated.

Victor E Mouttet Ltd (VEML) is 100% owned by the Mouttet family and is the majority shareholder of both Agostini Lrd (48.5% or 33,525,538 shares) and PHL (52.9% or 33,085,422 shares). To complete the acquisition, the Companies Act requires Agostini to acquire at least 90% of all PHL shares not held by VEML and its affiliates or associates at the time of the offer. **Christian Mouttet** is the chairman of VEML, as well as Agostini Ltd and PHL and recused himself from all discussions and or meetings related to the transaction.