

Purchase of Massy Distribution J'ca raises competition concerns



Agostini chairman Christian Mouttet

Jamaica's Fair Trading Commission (FTC) says the acquisition of Massy Distribution (Jamaica) by Acado Ltd (formerly Caribbean Distribution Partners) has raised competition concerns, resulting in the transaction being "advanced" to a phase 2 review.

Acado announced in February that it was set to acquire Massy Distribution Jamaica from Massy Holdings. This deal was set to be consummated by the end of the third quarter ending June 30.

Acado is a 50/50 joint venture between Goddard Enterprises Ltd and Agostini Ltd (formerly Agostini's).

Both Agostini and Acado are chaired by Christian E Mouttet.

As part of the process, Acado requested the Jamaican FTC's non-objection to the acquisition of Massy Distribution (Jamaica). The Commission concluded phase 1 of its review process during which it determined that there were competitive concerns related to the acquisition.

The phase 1 review was concluded within the stipulated 30-day time period.

Jamaica's competition regulator found that while Acado does not operate in Jamaica, one of its parent companies, Agostini, owns Health Brands (now Aventa Jamaica), which the FTC described as "a key player in the local distribution of pharmaceutical and personal care products.

"Health Brands was reported in 2023 as the leading distributor in Jamaica's pharmaceutical and medical products market. The proposed acquisition has therefore raised competition concerns, particularly given the significant market overlap between Health Brands and Massy Distribution (Jamaica)," according to the FTC.

"Both Health Brands and Massy Distribution Jamaica distribute a wide range of similar medical and pharmaceutical products, including treatments for gastrointestinal, respiratory, cardiovascular and diabetic conditions. The FTC notes that these overlapping product lines raise competition concerns," Jamaica's FTC disclosed in its quarterly newsletter published last Thursday.

Agostini improved its position in Jamaica's healthcare distribution market when it transferred the pharmaceutical portfolio of Carlisle Laboratories to Aventa Jamaica in January 2024. The portfolio was distributed by Massy Distribution Jamaica up to December 2023.

Agostini acquired Collins Ltd, the parent company of Carlisle Laboratories, in December 2022.

Agostini's 2024 annual report pointed that Aventa Jamaica's business grew by 20 per cent due to the addition of the Carlisle portfolio, while Massy Holdings highlighted that the Jamaican distribution business experienced challenges associated with the loss of that Carlisle business.

The competitive concerns raised by the Jamaican FTC triggered a phase 2 review of the transaction, which it expects to complete by the end of June. The phase 2 review seeks to determine if the merger or acquisition is likely to lead to a substantial lessening of competition. Both parties can propose remedies to solve the anti-competitive concerns raised by the Jamaican FTC. A final case report will be published before or after the transaction is completed.

Massy Holdings had to make certain concessions in July 2023 when it was acquiring IGL (St Lucia) IBC Ltd, the parent company of Jamaican LPG distributor IGL Ltd. This was based on the concerns raised by Jamaica's FTC which provided a statement of non-objection to both parties after they addressed the concerns raised by the competition regulator.

Massy Distribution Jamaica reported net profit of \$7.30 million in Massy's second quarter ending March 31, 2025, a 54 per cent increase over the \$4.73 million for the prior period. The net profit of the group's Jamaican business for the six-month period increased 155 per cent from \$4.38 million to \$11.14 million. Massy Distribution Jamaica had current assets of \$443.67 million and \$109.55 million in current liabilities as of March 31.