

SA Competition Tribunal approves acquisition of maize milling companies

The acquisitions of two maize milling companies by a consortium comprising DH Brothers Industries (Pty) Limited trading as Willowton Group (Willowton) and Louis Dreyfus Company Africa (Pty) Ltd (LDC Africa), has been approved by the South African Competition Tribunal on 30 November 2017, overruling an earlier recommendation not to allow the merger to proceed.



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Mergers to alleviate financial difficulties, prevent job losses

The two maize mills in question are Progress Milling, which is located in Polokwane, Limpopo and Noordfed, which is situated in Lichtenburg, North West. The acquisition of Progress Milling seeks to bring that 80-year old business out of business rescue proceedings, which it has been subject to since early March 2016. The consortium is looking to implement both acquisitions as soon as possible.

The mergers will alleviate the financial difficulties experienced by Progress Milling and Noordfed, which could have resulted in the loss of more than 400 jobs in the event of a closure.

More than 14,000 subsistence farmers in Limpopo hold claims against Progress Milling valued at an aggregate of R18.4m for maize meal deliverables. The acquisition of Progress Milling involves the recovery in full of those claims, which would have been largely irrecoverable in the event of the mill's failure. Progress Milling will continue its maize-intake programme with these farmers, whose stable food source consists of maize meal.

Exciting new opportunities

Pietermaritzburg-based Willowton Group is South Africa's largest sunflower seed crusher and one of the leading companies in the country's fast-moving consumer goods' (FMCG) industry. Renowned for its quality products and support to the local community, Willowton Group anticipates exciting new opportunities as a result of the merger.

"We look forward to realising the potential that the successful merger of these businesses will bring to our business and brands," said Mahomed Zubeir Moosa, chief executive officer for Willowton Group. "It is a natural progression to extend into these categories and with it will bring the opportunity for further innovation and brand extensions. The merger will also

bolster our product offering for exports and positively contribute towards local economic growth. As one of South Africa's leading fast-moving FMCG businesses, we are passionate about job creation and skills development. We also remain committed to our vision, which is to be at the forefront of innovation in the FMCG industry and to provide consumers with products that will make a difference in their everyday lives. All this will be achieved while maintaining our ethos of social upliftment."

Merger a substantial addition to LDC's existing asset base

LDC Africa is wholly-owned by the Louis Dreyfus Company group (LDC), a global merchant and processor of agricultural goods. LDC has been present in South Africa since 1925, originating, processing and distributing white maize, wheat, rice, edible oils, oilseeds (sunflower and soya). This merger is a substantial addition to LDC's existing asset base in the country, which already includes participation in sunflower seeds crushing plant, a rice packing plant and wheat mills.

Commenting on the merger approval, Thomas Couteaudier, Africa Head, said: "For LDC Africa this investment is a step further into downstream value-adding activity. We are especially pleased that the merger will help sustain the livelihoods of many, including employees and small-scale farmers around Polokwane who will be allowed to bring maize and draw maize meal from Progress again."

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