



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM162Aug18

In the matter between:

RTT Group (Pty) Ltd

Acquiring Firm

and

**Making Memories (Pty) Ltd, Rigel Healthcare Logistics (Pty) Ltd
and Prosperity Property Projects (Pty) Ltd**

Target Firms

Panel	:	Enver Daniels (Presiding Member)
	:	Imraan Valodia (Tribunal Member)
	:	
Order issued on	:	31 October 2018
Reasons issued on	:	5 December 2018

REASONS FOR DECISION

Approval

[1] On 31 October 2018, the Competition Tribunal ("Tribunal") unconditionally approved the large merger involving the acquiring firm, RTT Group (Pty) Ltd ("RTT") and the target firms Making Memories (Pty) Ltd ("Orion"), Rigel Healthcare Logistics (Pty) Ltd ("Rigel") and Prosperity Property Projects (Pty) Ltd ("Prosperity"), collectively referred to as the "Orion Group".¹

[2] The reasons for approving the proposed transaction follow.

¹ The parties consented to Panel consisting of two members due to compassionate grounds.

Parties to the transaction and their activities

Primary acquiring firm

- [3] The primary acquiring firm is the RTT Group. It is ultimately controlled by Ethos Private Equity Fund VI.
- [4] The RTT Group is active in the logistics industry and provides transportation, warehousing and distribution services.

Primary target firms

- [5] The primary target firms are Orion, Rigel and Prosperity which are owned and controlled by Ms N Lazarus.
- [6] The Orion Group is a specialized logistics and distributions services provider to providing logistics services to the pharmaceutical and healthcare industries.

Proposed transaction and rationale

- [7] In terms of the proposed transaction the RTT Group will acquire 100 percent of the issued share capital in the Orion Group, which includes the purchase of 100 percent of the share capital in Orion, Prosperity and Rigel.
- [8] The RTT Group has submitted that the proposed transaction fits into the company's acquisition strategy and the Orion Group submits that the proposed transaction would allow the seller to realize her investment in the group.

Relevant market and impact on competition

- [9] The Commission identified a horizontal overlap in the national market for specialized logistics and distribution services. While the Commission and the merged entities market share calculations differed, the Commission concluded

that the proposed transaction does not raise any competition concerns as there are several alternative providers in the market and customers in the market have indicated that customers are price sensitive and would switch following material increases in the price of services in this market. The Commission also submitted that the proposed transaction would not significantly change the structure of the market for the provision of logistics and distribution services to the pharmaceutical and healthcare industries in South Africa.

- [10] We concur with the Commission's finding that the proposed transaction is unlikely to substantially prevent or lessen competition in the identified markets.

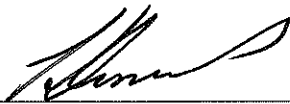
Public interest

- [11] The merging parties submitted, which was confirmed by the Commission, that the proposed transaction will not have any negative effect on employment.²

- [12] The proposed transaction further raises no other public interest concerns.

Conclusion

- [13] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Enver Daniels

5 December 2018

Date

Prof Imraan Valodia concurring

Tribunal Case Manager	: Ms Aneesa Ravat
For the merging parties	: Shawn van der Meulen of Webber Wentzel
For the Commission	: Hluman Mandla and Ratshidaho Maphwanya

² Record pages 56.