



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 018739

In the matter between:

Friedshelf 1508 (Pty) Ltd

Acquiring Firm

And

RTT Holdings (Pty) Ltd

Target Firm

Panel	:	Takalani Madima (Presiding Member) Anton Roskam (Tribunal Member) Fiona Tregenna (Tribunal Member)
Heard on	:	25 June 2014
Order issued on	:	25 June 2014
Reasons issued on	:	24 July 2014

Reasons for Decision

Approval

1. On 25 June 2014 the Competition Tribunal (the "Tribunal") approved an acquisition by Friedshelf 1508 (Pty) Ltd ("Friedshelf") of RTT Holdings (Pty) Ltd ("RTT") with conditions.
2. The reasons for the approval of the proposed transaction follow hereunder.

The Parties and their activities

3. The primary acquiring firm is Friedshelf. Friedshelf is jointly controlled by

Ethos Fund V1 ("Ethos Fund VI"), African Development Partners II L.P. ("ADP II") and the Government Employees Pension Fund ("GEPF") (represented by the Public Investment Corporation Ltd (the "PIC").

4. Friedshelf is a newly incorporated acquisition vehicle and has no operations or business activities. Ethos Fund VI is a private equity investment fund which focuses on control acquisitions and growth capital in medium to large companies in South Africa. ADP II is a diversified pan-African portfolio of private equity investments in established and growing companies. The GEPF (managed by the PIC) has interests in various portfolio companies and its assets are invested in classes including equities, fixed interest instruments, money market instruments etc.
5. The primary target firm is RTT. RTT is jointly controlled by RMB Investments and Advisory (Pty) Ltd ("RMB") Investments and RMB Ventures Six (Pty) Ltd ("RMB Ventures"). RMB and RMB Ventures are ultimately controlled by FirstRand Ltd ("FirstRand").
6. The RTT Group is a logistics company that provides innovative, IT-driven solutions, secure transportation, warehousing, distribution and other value added services on a fully integrated basis. RTT's services are provided to several key industrial sectors in South Africa including telecoms and technology, fashion and lifestyle, automotive, healthcare, beauty and retail.

Proposed transaction and rationale

7. In this proposed transaction Friedshelf intends to acquire 100% of the entire issued share capital of RTT. On completion, RTT will be solely controlled by Friedshelf.
8. The rationale for Friedshelf is that it considers RTT to be an attractive investment opportunity as RTT is *inter alia* a leading independent logistics provider, has a stable customer base and has good growth initiatives.

9. RTT submitted that its current shareholders have reached the end of their investment cycle and this transaction provides these shareholders with an opportunity to extract value from their investment in RTT.

Competition Analysis

10. The Commission found that there is no horizontal overlap in the activities of the merging parties as the acquiring firm is newly incorporated and has no operations or business activities. There is also no horizontal overlap between the companies that control the acquiring firm and the RTT Group.
11. The Commission, however, identified a vertical relationship between the parties as Airports Company South Africa ("ACSA"), in which the GEPF/PIC has a controlling interest, owns the land on which RTT's head office is located. The Commission found that this relationship does not result in any input or customer foreclosure concerns in the property sector as ACSA is an insignificant customer for firms competing in this sector.

Information sharing concerns

12. The Commission found that certain portfolio companies in which the GEPF (represented by the PIC) has non-controlling interests operate in the broader logistics industry and that these companies are competitors of RTT in this market. Although the interests are non-controlling, the Commission has established that the GEPF/PIC has the right to appoint directors to the boards of the non-controlling companies. Since the PIC will be entitled to appoint a director to the board of RTT in the present transaction, the Commission was concerned that this structure could allow for the sharing of competitively sensitive information.
13. In order to deal with this concern, the Commission and the merging parties agreed on conditions which would ensure that the director appointed to the RTT board will not be appointed to the boards of the non-controlling portfolio companies.

South Africa.¹ The proposed transaction raises no other public interest concerns.

Conclusion

15. For the reasons mentioned above, I approve the proposed transaction subject to conditions attached hereto marked as "Annexure A".



Dr. Takalani Madima

24 July 2014

Date

Mr. Anton Roskam and Professor Fiona Tregenna concurring

Tribunal researcher: Ipeleng Selaledi

For the merging parties: Rick van Rensburg of Edward Nathan Sonnenbergs

For the Commission: Thelani Luthuli

¹ See merger record, page 12. Also see paragraph 9 of the Commission's merger report.