



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM168Mar20

In the matter between

**Synchronized Logistical Solutions (Pty) Ltd
t/a InSync Solutions**

Primary Acquiring Firm

And

QPlas (Pty) Ltd

Primary Target Firm

Panel : Mr E Daniels (Presiding Member)
: Mr. A Wessels (Tribunal Member)
: Prof. I Valodia (Tribunal Member)
Heard on : 31 March 2020
Order Issued on : 31 March 2020
Reasons Issued on : 30 April 2020

REASONS FOR DECISION

APPROVAL

- [1] On 31 March 2020, the Competition Tribunal (“Tribunal”) unconditionally approved a large merger between Synchronized Logistical Solutions (Pty) Ltd t/a InSync Solutions and QPlas (Pty) Ltd.
- [2] The reasons for the approval of the proposed transaction follow.

PARTIES TO THE PROPOSED TRANSACTION

Primary acquiring firm

- [3] The primary acquiring firm is Synchronized Logistical Solutions (Pty) Ltd t/a InSync Solutions (“InSync”), a private company incorporated in accordance with the laws of South Africa. InSync does not control any firms. InSync is jointly controlled by Imperial Logistics South Africa Holdings (Pty) Ltd (“Imperial Holdings”) (50.13%) and Rhidan Investments 94 (Pty) Ltd (“Rhidan”) (49.87%).
- [4] Imperial Holdings is controlled by Imperial Logistics Ltd (“Imperial”), which is not controlled by any firm. Imperial and all the firms it controls shall be referred to as the “Imperial group”. InSync and the Imperial group are active in the nation-wide provision of consumer and industrial logistics services including road freight, transport, managed logistics warehousing, distribution and supply chain integration.
- [5] Rhidan is ultimately jointly controlled by the trustees of the R&R Trust (50%) and the Cronje Trust (50%). The R&R Trust and the Cronje Trust and all of the firms controlled by them shall be referred to as the “Rhidan Group”.¹ InSync, the Rhidan group and the Imperial group shall be jointly referred to as the “acquiring group”.

Primary target firm

- [6] The primary target firm is QPlas (Pty) Ltd (“QPlas”), a private company incorporated in accordance with the laws of South Africa. QPlas does not control any firms in South Africa. QPlas is controlled by Mr Thomas du Toit (52.5%).
- [7] QPlas is involved in the manufacturing of plastic automotive parts for the automotive industry such as exterior mirrors, as well as plastic injection moulding and assembly for making plastic interior trim parts at its facility in Uitenhage, Eastern Cape.

¹ The Rhidan group’s main activities are to house the dividends paid to them by InSync.

PROPOSED TRANSACTION AND RATIONALE

- [8] InSync and Imperial intend to purchase all of QPlas's shares from its existing shareholders. InSync intends to acquire an 80% shareholding, and Imperial intends to acquire the remaining 20% in QPlas. Post-merger, Imperial will ultimately control QPlas.
- [9] The transaction would facilitate the acquiring group's diversification and expansion in the automotive sector. For QPlas, the transaction would allow respite from cashflow difficulties perpetuated by under-performing contracts.

RELEVANT MARKET AND IMPACT ON COMPETITION

- [10] The Competition Commission ("Commission") considered the activities of the merging parties and found that the proposed transaction does not result in any horizontal or vertical overlaps. This was because the acquiring group is not active in the market for the manufacturing of plastic automotive parts.
- [11] Due to the above, the Commission concluded that the proposed transaction was unlikely to substantially lessen or prevent competition in the above market. We found no reason to disagree.

PUBLIC INTEREST

- [12] The Commission noted the undertaking given by the merging parties that no retrenchments would occur as a result of the proposed transaction. The Commission also found that the proposed transaction was unlikely to have a negative effect on employment.
- [13] The Commission was therefore of the view that the proposed transaction was unlikely to raise any other public interests concerns.

CONCLUSION

[14] In light of the above, we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition in any relevant market. In addition, we are of the view that no public interest concerns arise from the proposed transaction.

[15] Accordingly, we approved the transaction without conditions.

Mr Enver Daniels

30 April 2020
Date

Mr A Wessels and Prof. I Valodia concurring

Tribunal Case Manager: P Kumbirai

For the Merging Parties: L Mabidikane of Bowman Gilfillan

For the Commission: B Makgabo