



MERGER DECISION NO 10: 2024

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF THE BUSINESS SERVICES AND CHAIN STORE CONTRACTS OF RTT GROUP (PTY) LTD BY VALUE LOGISTICS (PTY) LTD

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in respect of the proposed acquisition of the business services and chain store contracts of RTT Group (Pty) Ltd ["RTT Group or the selling enterprise"] by Value Logistics (Pty) Ltd ["Value Logistics or the acquiring enterprise"]. The transaction was notified to the Authority on 20th March 2024, and the merger assessment was completed on 29th April 2024.

The acquiring enterprise, Value Logistics, is controlled by Value Group (Pty) Ltd. These companies are incorporated in accordance with the Laws of South Africa.

The selling enterprise, RTT Group, is a company incorporated in accordance with the Laws of South Africa. Its largest shareholders are Ethos Private Equity (Pty) Ltd and Public Investment Corporation, which are incorporated in terms of the Laws of South Africa, while Development Partners International, is a company incorporated in terms of the Laws of the United Kingdom.

Relevant Market

The acquiring enterprise provides supply chain solutions to Southern Africa (including Botswana) multi-national businesses across a wide range of sectors and industries. The supply chain solutions offered by the acquiring firm include the following: (i) break bulk logistics distribution services; warehousing; (ii) truck rental (short-term and long-term and full maintenance leasing); (iii) material handling rental (short-term and long-term terms and full maintenance leasing); (iv) clearing and forwarding; linehaul; and (v) dedicated distribution services and chemical distribution and warehousing services. In Botswana, the acquiring enterprise provides logistics services to entities which supply goods to chain stores, independent stores and businesses; under *breakbulk logistics to customers nationally*.

On the other hand, the selling enterprise currently services various client clusters as follows: (i) Business Services and Chain Store contracts ("*the Target Business/Enterprise*"), (ii) RTT Fashion, (iii) Contract Logistics, (iv) CourierIt, and (v) RTT Healthcare. The Target Enterprise offers logistics services to a client grouping which supplies goods into chain stores. RTT services various clients supplying into chain stores via a consolidated hub network in South Africa, delivering to the distribution centres of various South African chain stores, independent stores and businesses and is offered to standalone stores on a business-to-business (B-2-B) basis. It performs logistics services for South African entities into Botswana at a nationwide scale.

Based on the description of the activities of the merging parties, the merging parties overlap in the market for *provision of logistics services to chain stores, independent stores and businesses into Botswana from South Africa*. However, the overlap is immaterial. As such the proposed transaction is not expected to significantly alter the market structure post implementation. Furthermore, there is effective remaining competition post-merger in that the relevant market is highly fragmented, and the merged party will face competition from a number of entities. The Authority does not anticipate any competition concerns to arise in the relevant market in Botswana post-merger.

Competitive Analysis and Public Interest

The Authority has established that the Proposed Transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in *the market for provision of logistics services to chain stores, independent stores and businesses into Botswana from South Africa*. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

The Determination

Pursuant to the provision of section 53 of the Competition Act 2018, the Authority has decided to unconditionally approve the proposed acquisition of the business services and chain store contracts of RTT Group (Pty) Ltd by Value Logistics (Pty) Ltd.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 29th day of April 2024.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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