



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:48/LM/Jun11

In the matter between:

**RMB Investments and Advisory (Pty) Ltd
and RMB Ventures Six (Pty) Ltd**

Acquiring Firms

And

RTT Holdings (Pty) Ltd

Target Firm

Panel	:	Norman Manoim (Presiding Member), Yasmin Carrim (Tribunal Member) Andreas Wessels (Tribunal Member)
Heard on	:	28 July 2011
Order issued on	:	01 August 2011
Reasons issued on	:	11 August 2011

Reasons for Decision

Approval

[1] On 28 July 2011 the Competition Tribunal (“Tribunal”) approved the large merger between RMB Investments and Advisory (Pty) Ltd and RMB Ventures Six (Pty) Ltd (“acquiring firms”) and RTT Holdings (Pty) Ltd (“target firm”).¹ The Tribunal’s reasons for approving the transaction are set out below.

¹ This merger was notified in accordance with the Competition Commission’s Practitioner Update on Risk Mitigation Issue No.4.

The Parties to the transaction

[2] The acquiring firms are RMB Investments and Advisory (Pty) Ltd (“RMB and Advisory”) and RMB Ventures Six (Pty) Ltd (“RMB Venture Six”), companies incorporated under the laws of the Republic of South Africa.

[3] RMB and Advisory is ultimately controlled by FirstRand Ltd (“FirstRand”) and RMB Ventures Six is controlled by RMB Private Equity (Pty) Ltd which is also ultimately controlled by FirstRand.

[4] FirstRand, which is a public company and as such not controlled by any single shareholder, is a financial services group which is listed on the JSE and its major shareholders include RMB Holdings Ltd (30.06%), Financial Securities Ltd (8.53%), Public Investment Corporation (11.77%) and FirstRand Empowerment Trust & related parties (8.76%).

[5] The Primary target firm is RTT Holding (Pty) Ltd (“RTT”), a company incorporated under the laws of the Republic of South Africa. Prior to the Risk Mitigation Transaction, RTT’s shares were held by a consortium of shareholders consisting of institutional shareholders, individuals and a management trust lead by Actis.

[6] RTT controls RTT Group (Pty) Ltd, Revert Management Solutions (Pty) Ltd, Fuel Africa Logistics Solutions (Pty) Ltd and Old Fuel Logistics Group (Pty) Ltd. RTT provides customised / specialized logistics solutions.

Description of Transaction

[7] In terms of the proposed transaction, the primary acquiring firms intend to acquire 37,8% interest in the total issued ordinary share capital of the primary target firm thereby becoming its majority shareholder.

[8] At the hearing and in terms of the Shareholder Agreement, the merging parties indicated that the acquiring group, through the proposed transaction, will attain *de facto* control of the target firm.

The activities of the parties

[9] The acquiring firms are investment vehicles holding shares related to the proposed transaction and as such do not offer any products or services. They are however controlled by the FirstRand Group which is primarily involved in the financial services sector.²

[10] The acquiring group operates firstly through First National Bank offering a wide range of financial services; secondly through Rand Merchant Bank which provides diversified financial services including investment banking , fund management, private wealth management and advisory; and thirdly through WesBank which provides financing for capital equipment, instalment credit finance and fleet management solutions.

[11] The primary target firm³ provides customised logistics solutions through its various divisions⁴ to clients in various industries such as pharmaceuticals, retail, food & beverages and independent markets.

The Rationale

² <http://www.firststrand.co.za/>

³ <http://www.rtt.co.za/>

⁴ http://www.rtt.co.za/About_Us_Pages/About.aspx

[12] The merging parties submit that the rationale for the proposed transaction is the capital restructuring of the target firm to ensure its future growth and continuance.

The relevant market and the impact on competition

[13] The acquiring group operates primarily in the financial services sector while the target firm offers short and long haul logistics solutions to its clients.

[14] In its market analysis, the Competition Commission (“the Commission”) evaluated the target firm’s market shares in respect of pharmaceutical distribution, food and beverage distribution and less distribution respectively, and found that there are many competitors in these submarkets and that the proposed merger will not result in any major competition concerns.

[15] In light of the above the Commission holds the view that there is no potential overlap in the activities of the parties and the proposed transaction is unlikely to substantially prevent or lessen competition.

Public Interest

[16] The merging parties indicated that the proposed transaction will not have any negative effects on employment and further raises no other significant public interest issues.

Conclusion

[17] In light of the above factors and the Commission’s analysis, the Tribunal concludes that the proposed transaction is unlikely to substantially prevent or lessen competition.

[18] Accordingly, the above merger is approved without conditions.

Y Carrim

11 August 2011
Date

N Manoim and A Wessels concurring.

Tribunal Researcher: Songezo Ralarala

For the merging parties: Anthony Crane from Norton Rose South Africa

For the Commission: Bheki Masilela on behalf of Mogalane Matsimela