

**DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION**

NO. 5409

11 October 2024

**COMPETITION COMMISSION****NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:****VALUE LOGISTICS PROPRIETARY LIMITED****AND****THE BUSINESS SERVICES AND CHAIN STORES CONTRACTS OF RTT GROUP  
PROPRIETARY LIMITED****CASE NUMBER: 2024MAR0031**

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission', that it has approved the transaction involving the abovementioned firms subject to conditions set out below:

**Transaction Background**

1. On 20 February 2024, the Competition Commission ("the Commission") received notice of an intermediate merger whereby Value Logistics (Pty) Ltd ("Value Logistics") intends to acquire the Business Services and Chain Store Contracts of RTT Group (Pty) Ltd ("RTT"), herein referred to as the Target Business. Following the implementation of the merger, Value Logistics will take over the obligations of the Target Business and provide contract logistics and warehousing service to the related clients.

**The parties and their activities**

2. The primary acquiring firm is Value Logistics. Value Logistics is controlled by Value Group (Pty) Ltd ("Value Group"). Value Group is ultimately controlled by the [CONFIDENTIAL] Trust. Value Group controls the following firms in South Africa: Value Logistics Personnel Services (Pty) Ltd; Key Distributors (Pty) Ltd; Core Logistix (Pty) Ltd and Value Specialised Logistics (Pty) Ltd.
3. Value Logistics provides logistics services and supply chain solutions to South African and multi-national businesses across a wide range of sectors and industries. The main elements of these logistics services are warehousing and transportation services. Relevant to the proposed merger are Value Logistics' business activities involving deliveries to chain stores, independent stores

4. The primary target firm is the Target Business currently owned by RTT. RTT is my owned and controlled by Ethos Private Equity (Pty) Ltd, through Ethos Fund VI. The Target Business is a division of RTT and does not directly or indirectly control any firms.
5. The Target Business are term contracts with larger multinational clients supplying last-mile delivery to chain stores. The Target Business services the requirements of chain store clients via a hub network, with warehouses and deliveries into various distribution centres located across the country. The Target Business only entails the obligations to service these contracts and does not include any of the accompanying assets.

### **Competition assessment**

6. The Commission considered the activities of the merger parties and found that the proposed transaction gives rise to a horizontal overlap between the parties in the provision of logistics services more specifically the warehousing and contract logistics services. There is no existing vertical relationship between the merging parties in South Africa.
7. The Commission assessed the effect of the proposed transaction on the narrower national market for the provision of contract logistics and warehousing.
8. The Commission concluded that on a worst case scenario the merged entity would have a combined market share of less than 10%. Furthermore, the Commission found that there are numerous players in this market such as Imperial Logistics, DHL and DSV among others that will continue to constrain the merged entity post-merger. The Commission therefore found that the merger will not result in a substantial prevention or lessening of competition.

### **Public Interest**

9. The Commission engaged with the employee representative of Value Logistics and they did not raise any concerns. RTT's employee representative advised that the employees asked questions about the length of service, benefits and terms and conditions surrounding s197 transfer and the possible retrenchments, which were satisfactorily explained to the employees.
10. In order to address employment concerns, the Commission and the merging parties have agreed to the following conditions:
  - 10.1. For a period of 2 (two) years, RTT shall not, as a result of the merger, retrench the 216 permanent employees remaining with RTT. These 216 remaining permanent employees are the employees of RTT who were servicing the Target Business as well as other RTT business units and will not be transferred to Value Logistics post-merger.

- 10.2. For a period of 2 (two) years, Value Logistics shall not retrench any employees who will transfer to Value Logistics as a result of the Merger.
  - 10.3. RTT will use its best endeavours to limit any further retrenchment of both permanent and TES employees as a result of the RTT Restructuring.
  - 10.4. RTT will provide the acquiring firm with a list of any employees who have been retrenched in order to provide the acquiring firm with the opportunity to consider whether it may wish to employ any of these employees.
  - 10.5. RTT will provide Carlbank Mining Contract (Pty) Ltd ("CMC") with a list of any employees who have been retrenched in order to provide CMC with the opportunity to consider whether it may wish to employ any of these employees.
11. Further, there are also 1135 Temporary Employment Service ("TES") employees who are servicing the Target Business who will no longer be required by RTT post-merger. Of these, 161 TES employees will transfer to Value Logistics. It is intended that Value Logistics will enter into a contract of service with CMC in order to redeploy the 161 TES employees from RTT to Value Logistics. These employees will then render services to Value Logistics and will be deemed to be employed by Value Logistics for the purposes of the Labour Relations Act. The remaining TES employees will be redeployed by CMC. CMC has confirmed in writing that it anticipates being able to redeploy the rest of the TES employees within 3 months.
12. In addition, the proposed transaction does not raise any other public interest concerns.

### **Conclusion**

13. The Commission therefore approves the proposed transaction with conditions attached in **"Annexure A1"**.

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**ANNEXURE A1****VALUE LOGISTICS (PTY) LTD****and****THE BUSINESS SERVICES AND CHAIN STORE CONTRACTS OF RTT GROUP (PTY)  
LTD****CASE NUMBER: 2024MAR0031**

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**CONDITIONS**

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**1. DEFINITIONS**

- 1.1. The following expressions shall bear the meanings assigned to them below, and cognate expressions bear corresponding meanings:
- 1.1.1. **“Acquiring Firm”** means Value Logistics (Pty) Ltd (**“Value Logistics”**), a private company incorporated in accordance with the laws of South Africa;
- 1.1.2. **“Approval Date”** means the date referred to on the Commission’s merger Clearance Certificate;
- 1.1.3. **“Business Days”** means any day which is not a Saturday, Sunday or an official public holiday in South Africa;
- 1.1.4. **“CMC”** means Carlbank Mining Contracts (Pty) Ltd, which is a temporary employment service in terms of section 198 of the LRA providing services to RTT and post transaction also to Value Logistics;
- 1.1.5. **“Commission”** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
- 1.1.6. **“Commission Rules”** means the Rules for the Conduct of Proceedings in the Commission;
- 1.1.7. **“Competition Act”** means the Competition Act 89 of 1998;

- 1.1.8. **“Conditions”** means these conditions;
- 1.1.9. **“dtic”** means the Department of Trade, Industry and Competition of South Africa;
- 1.1.10. **“Implementation Date”** means the date, occurring after the Approval Date, on which the Merger is implemented by the Merger Parties;
- 1.1.11. **“LRA”** means the Labour Relations Act 66 of 1995 (as amended);
- 1.1.12. **“Merged Entity”** means the Target Business, subject to the control of the Acquiring Firm following the Implementation Date;
- 1.1.13. **“Merger”** means the acquisition of control over the Target Business by the Acquiring Firm;
- 1.1.14. **“Merger Parties”** means the Acquiring Firm and the Seller and their respective subsidiaries;
- 1.1.15. **“Moratorium Period”** means a period of 2 (two) years from the Implementation Date as well as the period between the Approval Date and Implementation Date;
- 1.1.16. **“Remaining Employees”** means the 216 permanent employees who previously partially serviced the Target Business, who will remain in the employ of RTT post-Merger;
- 1.1.17. **“RTT or Seller”** means the RTT Group (Pty) Ltd and its subsidiaries in its capacity as the seller of the Target Business;
- 1.1.18. **“RTT Restructuring”** means the restructuring of RTT’s distribution network as a result of disengaging from servicing the Target Business;
- 1.1.19. **“South Africa”** means the Republic of South Africa;
- 1.1.20. **“Target Business”** means the Business Services and Chain Store Contracts of RTT Group (Pty) Ltd (**“RTT”**), a private company incorporated in accordance with the laws of South Africa;
- 1.1.21. **“Transferring Employees”** means the up to 108 permanent employees who are intended to be transferred to Value Logistics pursuant to the transaction. These 108 employees are made up of 91 permanent employees who will transfer to Value Logistics in terms of section 197 of the LRA plus an additional up to 17 permanent

employees of RTT who will be offered employment by Value Logistics which they may or may not accept; and

- 1.1.22. “**Tribunal**” means the Competition Tribunal of South Africa, established pursuant to Chapter 4, Part B of the Competition Act.

## 2. EMPLOYMENT

- 2.1. For the duration of the Moratorium Period, RTT shall not retrench any Remaining Employees as a result of the Merger. For the avoidance of doubt “retrenchments” for purposes of the these conditions does not include (i) voluntary separation agreements, (ii) voluntary early retirement packages, (ii) unreasonable refusal to be redeployed in accordance with the provision of the LRA (iii) resignation or retirements in the ordinary course of business (v) retrenchments lawfully effected for operational requirements unrelated to the Merger (vi) termination in the ordinary course of business, including but not limited to dismissals as a result of misconduct or poor performance (vii) any decision not to renew or extend a fixed term contract of a contract worker or employee taken in the ordinary course of business. For the sake of clarity, retrenchments arising from a decision of a client to terminate a contract with RTT as a result of the Merger or refusal to transfer does not constitute a merger specific retrenchment for purposes of this clause 2.1.
- 2.2. For the duration of the Moratorium Period, the Acquiring Firm shall not retrench any Transferring Employees who will transfer to the Acquiring Firm as a result of the Merger. For the avoidance of doubt “retrenchments” for purposes of the these conditions does not include (i) voluntary separation agreements, (ii) voluntary early retirement packages, (ii) unreasonable refusal to be redeployed in accordance with the provision of the LRA (iii) resignation or retirements in the ordinary course of business (v) retrenchments lawfully effected for operational requirements unrelated to the Merger (vi) termination in the ordinary course of business, including but not limited to dismissals as a result of misconduct or poor performance (vii) any decision not to renew or extend a fixed term contract of a contract worker or employee taken in the ordinary course of business. For the sake of clarity, retrenchments arising from a decision of a client to terminate a contract with the Acquiring Firm does not constitute a merger specific retrenchment for purposes of this clause 2.2.
- 2.3. RTT undertake to use their best endeavours to limit the potential impact of the RTT Restructuring and/or the Merger on all employees.

- 2.4. RTT will provide the Acquiring Firm with a list of any such Remaining Employees who may have been retrenched as a result of the RTT Restructuring to provide the Acquiring Firm with an opportunity to consider whether it may wish to employ any of the Remaining Employees.
- 2.5. RTT will provide CMC with a list of Remaining Employees who may have been retrenched as a result of the RTT Restructuring in order for CMC to assess whether it may wish to employ any of the Remaining Employees.

### **3. MONITORING OF COMPLIANCE WITH THE CONDITIONS**

- 3.1. The Acquiring Firm shall inform the Commission of the Implementation Date within 5 (five) Days of its occurrence.
- 3.2. The Acquiring Firm shall circulate a copy of the Conditions to their employees, recognised trade unions and employee representatives of the Acquiring Firm within 5 (five) Days of the Approval Date.
- 3.3. RTT shall circulate a copy of the Conditions to their employees, recognised trade unions and employee representatives of the Target Business within 5 (five) Days of the Approval Date.
- 3.4. As proof of compliance with 3.2 above, a senior official of the Acquiring Firm shall within 10 (ten) Days of circulating the Conditions, submit to the Commission an affidavit attesting to the circulation of the Conditions and provide a copy of the notice that was sent to the employees, recognised trade unions and employee representatives in that regard.
- 3.5. As proof of compliance with 3.3 above, a senior official of RTT shall within 10 (ten) Days of circulating the Conditions, submit to the Commission an affidavit attesting to the circulation of the Conditions and provide a copy of the notice that was sent to the employees, recognised trade unions and employee representatives in that regard.
- 3.6. The Merger Parties shall, on each anniversary of the Approval Date for a period of 2 years, submit an affidavit confirming compliance with the conditions set out at

clauses 2 of the Conditions.

- 3.7. The Merger Parties shall submit a comprehensive annual compliance report to the Commission, setting out the extent of its compliance with clauses 2 of the Conditions for the duration of the Conditions (i.e. for 2 years).
- 3.8. The Commission may request any additional information from the Merger Parties which the Commission from time to time may deem necessary for purposes of monitoring the extent of compliance with these Conditions.

#### **4. VARIATION**

The Merger Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be lifted, revised, or amended. Should a dispute arise in relation to the variation of the Conditions, the Merger Parties shall apply to the Tribunal, on good cause shown, for the Conditions to be lifted, revised, or amended.

#### **5. GENERAL**

All correspondence in relation to the Conditions must be submitted to the following email addresses: [mergerconditions@compcom.co.za](mailto:mergerconditions@compcom.co.za) / [Ministry@thedtic.gov.za](mailto:Ministry@thedtic.gov.za)

Enquiries in this regard may be addressed to the Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3298.