

Completed acquisition by Cérélia Group Holding SAS (either directly or indirectly) of certain assets relating to the UK and Ireland dough business (Jus-Rol) of General Mills, Inc.

SUMMARY

1. On 31 January 2022, Cérélia Group Holding SAS (either directly or indirectly) (**Cérélia**) acquired certain assets relating to the United Kingdom (**UK**) and Ireland dough business of General Mills, Inc. (**GMI**), operated under the 'Jus-Rol' brand (the **Jus-Rol Business**) (the **Merger**). Cérélia and the Jus-Rol Business are together referred to as the **Parties** and for statements referring to the future, the **Merged Entity**.
2. Cérélia and the Jus-Rol Business overlap at the wholesale level of the supply chain, providing dough-to-bake products (including ingredient pastry, pizza dough and other ready-to-bake dough products) to grocery retailers in the UK. Cérélia supplies these products for onward sale to end consumers under private label (eg supermarket own brand), while the Jus-Rol Business does so under the 'Jus-Rol' brand.
3. The Competition and Markets Authority (**CMA**) has jurisdiction to review a merger where either (a) the target company generates more than £70 million of turnover in the UK (the turnover test); or (b) the merger results in the merger parties having a share of supply of goods or services of any description in the UK of 25% or more (the share of supply test). The revenues of the Jus-Rol Business do not meet the turnover test; however, the CMA has concluded that the Parties together have a share of supply of more than 25% in the supply of dough-to-bake products to grocery retailers in the UK. The CMA can decide to refer a transaction for a Phase 2 investigation within four months of the date of completion of that transaction;¹ the Merger completed at

¹ Under section 24 of the Enterprise Act 2002, for the CMA to be able to refer a completed merger it must have taken place not more than four months before the reference is made, unless the merger took place without having been made public and without the CMA being informed of it (See [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2revised\)](#), January 2021, paragraph 4.48(b)).

the end of January 2022 and the four-month period for a decision has not yet expired.

4. As the owner of the best-selling brand of dough-to-bake products and the leading wholesale supplier of private label dough-to-bake products to grocery retailers in the UK, the CMA believes that the Merged Entity could increase wholesale prices and/or degrade non-price aspects of its offering such as quality, range, innovation, in particular with the aim of diverting sales from private label to the Jus-Rol brand. This is because:
- (a) Pre-Merger, Cérélia and the Jus-Rol Business each enjoyed a strong position in the wholesale supply of dough-to-bake products to grocery retailers in the UK, with estimated shares of supply of [30-40]% and [40-50]% respectively. Post-Merger,² Cérélia would be responsible for [70-80]% of the wholesale supply of dough-to-bake products to grocery retailers in the UK. This high combined share gives rise to *prima facie* competition concerns.
 - (b) The CMA found that from an end consumer perspective branded dough-to-bake products (eg Jus-Rol) and private label equivalents (the majority of which are supplied by Cérélia) are substitutable and compete closely.
 - (c) The CMA also found that pre-Merger, grocery retailers were able to leverage the substitutability between the products for consumers to negotiate better commercial terms for the wholesale supply of dough-to-bake products.
 - (d) The evidence seen by the CMA shows that, post-Merger, there will be insufficient competitive constraints remaining at the wholesale level to discipline the commercial behaviour of the Merged Entity. Other suppliers of branded dough-to-bake products are much smaller than Jus-Rol and have limited brand recognition. Other suppliers of private label dough-to-bake products are also much smaller than Cérélia and lack the capacity to meet grocery retailers' demand for a range of these products. Even in aggregate, grocery retailers would have limited alternatives to the Merged Entity, and these alternative suppliers would not pose a significant competitive constraint on the Merged Entity.

² While Cérélia and the Jus-Rol Business have ceased to be distinct as the Merger is completed, the CMA made an Initial Enforcement Order pursuant to section 72(2) of the Enterprise Act 2002 on 12 May 2022 which prevents Cérélia from taking any action which might lead to the integration of the Jus-Rol Business with the Cérélia business (except with the prior written consent of the CMA).

- (e) Finally, the CMA does not consider that entry by a new supplier or expansion by an existing supplier would be timely, likely and sufficient to constrain the Merged Entity.
5. Although there are differences in how grocery retailers purchase private label and branded dough-to-bake products, given the substitutability between the products supplied by the Parties for consumers, the leveraging of these products by grocery retailers in negotiations with the other Party, and the lack of available alternatives for either branded or private label supply, the CMA found that the Parties are close competitors and that the Merger would result in the loss of an important competitive constraint.
 6. The CMA therefore believes that the Merger gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the wholesale supply of dough-to-bake products to grocery retailers in the UK.
 7. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (the **Act**). Cérélia has until 8 June 2022 to offer an undertaking to the CMA that might be accepted by the CMA. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 22(1) and 34ZA(2) of the Act.