

Anticipated Acquisition by Hanson Quarry Products Europe Limited of Mick George Limited

NOTICE UNDER PARAGRAPH 2(1) OF SCHEDULE 10 TO THE ENTERPRISE ACT 2002 (THE ACT) – CONSULTATION ON PROPOSED UNDERTAKINGS IN LIEU OF REFERENCE PURSUANT TO SECTION 73 OF THE ACT.

ME/7034/22

The Competition and Markets Authority (**CMA**) has excluded from this published document information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [§<]. Some numbers have been replaced by a range, which are shown in square brackets.

INTRODUCTION

1. Hanson Quarry Products Europe Limited (**Hanson or HM**) has agreed to acquire Mick George Limited (**MGL**) (the **Merger**). Hanson and MGL are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
2. On 24 November 2023, the Competition and Markets Authority decided under section 33(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger consists of arrangements that are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and that this may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**). The text of the SLC Decision is available on the CMA webpages.¹
3. On 1 December 2023, Hanson offered undertakings in lieu of reference to the CMA for the purposes of section 73(2) of the Act.

¹ See [Hanson / Mick George merger inquiry - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/hanson-quarry-products-europe-limited-acquisition-of-mick-george-limited).

4. On 8 December 2023, the CMA gave notice to Hanson, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering Hanson's offer (the **UIL Provisional Acceptance Decision**).

THE UNDERTAKINGS OFFERED

5. As set out in the SLC Decision, the CMA found that the Merger gives rise to a realistic prospect of an SLC in relation to the supply of (i) primary non-specialist aggregates (including both crushed rock and sand & gravel), (ii) primary non-specialist aggregates (including sand & gravel only), and (iii) ready-mixed concrete (**RMX**), across a total of 18 local areas (together, the **SLC Areas**).
6. The SLC Areas are listed in Annex 1.
7. As set out in the UIL Provisional Acceptance Decision, to address the SLCs identified by the CMA, Hanson has offered undertakings to divest the following assets (the **Divestment Sites**):
 - (a) In relation to primary non-specialist aggregates, the following production sites:
 - (i) HM Needingworth, postcode PE27 4TA;
 - (ii) HM Earls Barton, postcode NN6 0PE;
 - (iii) MGL Ringstead, postcode NN14 4DT; and
 - (iv) MGL Watlington, postcode PE33 0RG.
 - (b) In relation to RMX, the following plants:
 - (i) HM Northampton, postcode NN5 5AL;
 - (ii) HM Wellingborough, postcode NN8 4NL;
 - (iii) HM Market Harborough, postcode LE16 7QE;
 - (iv) HM Ely, postcode CB7 4DT; and
 - (v) HM St Ives, postcode PE27 4LG.

8. The text of the undertakings is available on the CMA webpages (the **Proposed Undertakings**).²
9. Hanson has also offered to enter into an agreement for the sale and purchase of the Divestment Sites with an upfront buyer before the CMA finally accepts the Proposed Undertakings (the **Upfront Buyer Condition**). In particular, Hanson has proposed:
 - (a) PJ Thory Holdings Ltd (**PJ Thory**) as the upfront buyer of all of the Divestment Sites except the HM Needingworth Site (the **PJ Divestment Sites**); and
 - (b) Brice Aggregates Limited (**Brice Aggregates**) as the upfront buyer of the HM Needingworth site.
10. Each of these agreements will be conditional on acceptance by the CMA of the Proposed Undertakings, including approval of the upfront buyers listed above as the buyers of the Divestment Sites.

CMA ASSESSMENT

11. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Proposed Undertakings will resolve the SLC identified in the SLC Decision in a clear-cut manner, ie the CMA currently does not have material doubts about the overall effectiveness of the Proposed Undertakings or concerns about their implementation.³ This is because in each SLC Area, in both the supply of non-specialist aggregates and RMX, the total share of supply of the Divestment Sites is at least as large as the increment created by the Merger (ie the Merged Entity's share of supply would be no greater than the larger of the Parties' pre-Merger share in each SLC Area).⁴ Therefore, the purchaser(s) of the Divestment Sites would obtain a share of supply at least as large as the smaller of the Parties share pre-merger in each SLC Area. As such, the Proposed Undertakings may result in replacing the competitive constraint provided by MGL or Hanson that would otherwise be lost following the Merger.
12. The CMA also considers that the Proposed Undertakings would be capable of ready implementation, in particular, because following divestment, the Divestment Sites are such that the purchasers should be able to operate each divested plant or quarry as an effective competitor to the Merged Entity.

² See [Decision that undertakings might be accepted \(publishing.service.gov.uk\)](#).

³ Merger remedies guidance ([CMA87](#)), December 2018, paragraph 3.28.

⁴ This is the case despite there being less Divestment Sites than SLC Areas, because certain Divestment Sites contribute to the shares of supply of the Parties across multiple SLC Areas.

13. The Upfront Buyer Condition means that the CMA would only accept the Proposed Undertakings after the Parties have entered into an agreement with a nominated buyer that the CMA considers to be suitable. The evidence available to the CMA indicates that PJ Thory and Brice Aggregates each has sufficient resources and expertise to provide the necessary management support to enable each Divestment Site to operate as a competitor to the Merged Entity.

Suitability of the proposed purchaser

14. In approving a purchaser, the CMA's starting position is that it must be confident without undertaking a detailed investigation that the proposed purchaser will restore pre-merger levels of competition:
- (a) The acquisition by the proposed purchaser must remedy, mitigate or prevent the SLC concerned and any adverse effect resulting from it, achieving as comprehensive a solution as is reasonable and practicable.
 - (b) The proposed purchaser should be independent from and have no significant connection to the merger parties that may compromise the purchaser's incentives to compete with the merged entity (eg an equity interest, common significant shareholders, shared directors, reciprocal trading relationships or continuing financial assistance). It may also be appropriate to consider links between the purchaser and other market players.
 - (c) The purchaser must have sufficient capability, including access to appropriate financial resources, expertise (including managerial, operational and technical capability) and assets to enable the divested business to be an effective competitor in the market. This access should be sufficient to enable the divestiture package to continue to develop as an effective competitor.
 - (d) The CMA will wish to satisfy itself that the purchaser has an appropriate business plan and objectives for competing in the relevant market(s), and that the purchaser has the incentive and intention to maintain and operate the divested business as part of a viable and active business in competition with the merged entity and other competitors in the relevant market.
 - (e) Divestiture to the purchaser should not create a realistic prospect of further competition or regulatory concerns.⁵

⁵ CMA87, Chapter 5, paragraphs 5.20 — 5.27.

PJ Thory

15. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 14 above, the CMA currently considers PJ Thory to be a suitable purchaser of the PJ Divestment Sites for the following reasons:
- (a) The CMA currently considers that the acquisition by PJ Thory of the PJ Divestment Sites would remedy, mitigate or prevent the SLCs in the relevant SLC Areas concerned and any adverse effects resulting from them, achieving as comprehensive solution as is reasonable and practicable. This is because it would allow each of the PJ Divestment Sites to compete in the relevant SLC Areas, fully replacing the competitive constraint previously provided by either Hanson or the MGL business.
 - (b) While PJ Thory will fully take on the extraction, processing and commercialisation of the minerals at each of the three aggregates sites it will acquire, it has expressed that it does not wish to take on their remediation responsibilities and liabilities. Different arrangements will apply for the separation of the remediation responsibilities at each aggregates site which PJ Thory will acquire:
 - (i) *MGL Ringstead*: the relevant landlord will enter into a mineral lease with PJ Thory for the minerals working at MGL Ringstead, and a separate restoration lease with MGL for the restoration of the site. There will be no direct contractual relationship between PJ Thory and MGL in respect of either extraction or remediation.
 - (ii) *MGL Watlington*: MGL's full leasehold interest over the site will be assigned to PJ Thory, ie PJ Thory will take on both the minerals working and restoration responsibilities for the site. PJ Thory will have the option either to request the Merged Entity or any other third party to carry out any necessary restoration works on an arms' length basis.
 - (iii) *HM Earls Barton*: given the limited reserves available, the scale of the restoration required at this site and to satisfy the requirements of the landlord, Hanson will retain its leasehold interest over the site, but will grant a mineral licence to PJ Thory, which will grant PJ Thory exclusive possession of that site for the purpose of extraction, processing, and commercialisation of the minerals at the freehold and leasehold land at HM Earls Barton. The obligations under that mineral licence will be no more onerous than Hanson's obligations under its relevant mineral lease with the landlord. The assets and employees necessary for these activities will also be transferred to PJ Thory. This mineral licence will expire [X]. Hanson will be prohibited from undertaking any extraction or processing of aggregates at the HM Earls Barton site.

- (iv) In the particular circumstances of this case, the CMA considers the above arrangements described in (b) above for the separation of the restoration responsibilities represent commercial and practical solutions, which would not have a material bearing on PJ Thory's ability to compete effectively in the relevant SLC Areas. This is because under each of these arrangements: (a) PJ Thory will have a right to work a tranche of reserves at its own pace (subject to any planning permission requirements) with no involvement from, or intervention by, the Merged Entity; (b) PJ Thory and the Merged Entity will not be working at the same phase of the site at the same time and there would be geographic separation between them; and (c) PJ Thory and the Merged Entity will also not be sharing any facilities or equipment (with the exception of an access road and wheel wash facilities), and will have separate working areas, with the Merged Entity having no visibility over the volume of aggregates being extracted, processed and sold by PJ Thory.
- (c) The evidence available to the CMA indicates that PJ Thory and its shareholders have no other significant connection to the Parties that may compromise its incentives to compete with the Merged Entity.
- (d) The evidence available to the CMA indicates that PJ Thory has sufficient capability, including access to appropriate financial resources, to enable the PJ Divestment Sites to be an effective competitor in the market:
 - (i) PJ Thory is a relatively long-established business in both aggregates and RMX, having commenced operations in aggregates in the mid-1970s and operating in the RMX market (through its subsidiary, Gemmix Ltd) over the last 20 years. PJ Thory has experience of all the minerals currently extracted from the aggregates PJ Divestment Sites from their current operations. PJ Thory currently operates a primary aggregates site out of its Willow Hall quarry and a recycling facility for secondary aggregates, supplying aggregates locally across the East of England. It also operates three RMX plants in Peterborough, Barnwell and Bedford, which supply RMX and screed.
 - (ii) In relation to financial resources, PJ Thory is a profitable and growing business. PJ Thory has been successful in growing organically, with the business experiencing sustained revenue and profit growth over the past three years. For example, PJ Thory's revenues increased from around £20 million in its financial year ended 31 March 2021 (**FY21**) to around [X]. PJ Thory provided the CMA evidence of its financial resources, which show that it is capable of financing the acquisition, the ongoing development of the PJ Divestment Sites and its existing business from internal funds.

- (iii) PJ Thory's transaction rationale is to expand its existing business geographically in the activities where it currently operates (ie aggregates and RMX) and to reach a wider pool of customers to compete on a greater scale with larger competitors for larger projects than it can currently compete for. PJ Thory has discussed its plans for the PJ Divestment Sites with the CMA and provided initial financial projections, which are underpinned by prudent assumptions. Based on these discussions, the CMA considers that PJ Thory has the necessary understanding of the relevant markets and the operational dynamics of the PJ Divestment Sites, and is committed to operating them as viable and active sites in the relevant SLC Areas.
- (iv) The CMA notes that PJ Thory intends to enter into a transitional and non-exclusive supply agreement pursuant to which Hanson will supply PJ Thory with cement and aggregates for the purpose of providing greater security of supply in the short- to medium-term for the RMX sites of the PJ Divestment Sites. This non-exclusive transitional supply agreement will have a term of up to [X]. The CMA considers that this transitional arrangement should support the viability of the RMX sites of the PJ Divestment Sites by guaranteeing continuity in the supply of cement and aggregates immediately following the divestment. PJ Thory also intends to enter into a transitional services agreement for a period of around [X] following completion, pursuant to which, PJ Thory will require limited transitional support from Hanson to ensure that orders that have been placed prior to completion can be fulfilled to customer's standards for any pre-agreed mixes. The CMA considers that this short-term transitional support should further support the viability of the RMX sites of the PJ Divestment Sites.
- (e) The evidence available to the CMA indicates that the acquisition of the PJ Divestment Sites by PJ Thory should not create a realistic prospect of further competition concerns.

16. Therefore, subject to the responses to this consultation, the CMA currently considers PJ Thory to be a suitable purchaser of the PJ Divestment Sites.

Brice Aggregates

17. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 14 above, the CMA currently considers Brice Aggregates to be a suitable purchaser of the HM Needingworth site for the following reasons:

- (a) The CMA currently considers that the acquisition by Brice Aggregates of the HM Needingworth site would remedy, mitigate or prevent the SLC in the

relevant SLC Area concerned and any adverse effect resulting from it, achieving as comprehensive solution as is reasonable and practicable. This is because it would allow the HM Needingworth site to compete in the relevant SLC Area, fully replacing the competitive constraint previously provided by the Hanson business.

- (b) The evidence available to the CMA indicates that Brice Aggregates and its shareholders have no significant connection to the Parties that may compromise its incentives to compete with the Merged Entity.
- (c) The evidence available to the CMA indicates that Brice Aggregates has sufficient capability, including access to appropriate financial resources, to enable the HM Needingworth site to be an effective competitor in the market:
 - (i) While Brice Aggregates is a relatively new market entrant, having commenced trading in 2017, from its Colemans Farm quarry, Essex, premises, it has since grown its business, as well as expanded into other business activities, including RMX, haulage and inert waste management. For its financial year ended 31 March 2023 (FY23), Brice Aggregates generated total revenues of around [REDACTED] (prior year: [REDACTED]). While EBITDA⁶ decreased from [REDACTED] in FY23 from prior year of [REDACTED] due to a number of factors, including expansion into new business activities, the CMA has seen recent management accounts which show that the business is projecting significant growth in both FY24 revenues and EBITDA compared to FY23 levels.
 - (ii) [REDACTED].
 - (iii) Brice Aggregates submits that HM Needingworth is a key strategic priority for its business given its substantial landbank of mineral reserves, as well as the site geographically bolting onto its current radius of coverage, which would allow it to compete in the SLC Area, where it expects to see significant growth in construction activity. Brice Aggregates has discussed with the CMA its plans for HM Needingworth, which are underpinned by prudent assumptions. Based on these discussions, the CMA considers that Brice Aggregates has the necessary understanding of the relevant markets and the operational dynamics of the HM Needingworth site, and is committed to operating it as a viable and active site in the relevant SLC Area.
 - (iv) Brice Aggregates intends to enter into a [REDACTED] aggregates reverse supply agreement, pursuant to which, Brice Aggregates will supply Hanson's RMX business with aggregates. Given the volumes involved under this

⁶ Earnings before interest, tax, depreciation and amortisation.

agreement, and the size and output of HM Needingworth, this aggregates reverse supply agreement will not undermine Brice Aggregates' plans to develop its own delivered and direct sales presence in the market following completion. Brice Aggregates will also enter into a [X] offtake agreement whereby Hanson will purchase bagged aggregates from the HM Needingworth site for the purpose of providing Brice Aggregates with short-term certainty of demand for the bagged aggregates produced at the HM Needingworth site. Brice Aggregates also intends to enter into a [X] transitional support arrangement for IT support.

- (d) The evidence available to the CMA indicates that the acquisition of HM Needingworth site by Brice Aggregates should not create a realistic prospect of further competition concerns.

PROPOSED DECISION AND NEXT STEPS

18. For the reasons set out above, the CMA currently considers that the Proposed Undertakings and the purchase of (i) the PJ Divestment Sites by PJ Thory; and (ii) the HM Needingworth site by Brice Aggregates, are, in the circumstances of this case, appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision and form as comprehensive a solution to these concerns as is reasonable and practicable.
19. The CMA therefore gives notice that it proposes to accept the Proposed Undertakings in lieu of a reference of the Merger for a phase 2 investigation. The text of the proposed undertaking is available on the CMA web pages.⁷
20. Before reaching a decision as to whether to accept the Proposed Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.⁸
21. Representations should be made in writing to the CMA and be addressed to:

Rob Fitzgerald-Crisp
Principal Case Officer, Mergers
Competition and Markets Authority
The Cabot

⁷ See [Hanson / Mick George merger inquiry - GOV.UK \(www.gov.uk\)](http://www.gov.uk).

⁸ Under paragraph 2(4) of Schedule 10 to the Act.

25 Cabot Square
London
E14 4QZ

Email: Rob.Fitzgerald-Crisp@cma.gov.uk

Telephone: 020 3738 6276

Deadline for comments: 29 March 2024

ANNEX 1: SLC AREAS AND DIVESTMENT SITES⁹

Table 1: Primary non-specialist aggregates (including sand & gravel only)

<i>SLC Area</i>	<i>Party</i>	<i>Divestment Sites</i>
Worlington	MGL	
Willow Hall Farm	MGL	
Waterbeach	MGL	
Needingworth	Hanson	<ul style="list-style-type: none"> • HM Needingworth
Mepal	MGL	<ul style="list-style-type: none"> • HM Earls Barton
Witcham Meadlands	MGL	<ul style="list-style-type: none"> • MGL Ringstead
Crimplesham	MGL	<ul style="list-style-type: none"> • MGL Watlington
Watlington	MGL	
Great Billing	MGL	
Earls Barton	Hanson	

Table 2: Primary non-specialist aggregates (including both crushed rock and sand & gravel)

<i>SLC Area</i>	<i>Party</i>	<i>Divestment Sites</i>
Willow Hall Farm	MGL	
Ringstead	MGL	
Needingworth	Hanson	
Worlington	MGL	<ul style="list-style-type: none"> • HM Needingworth
Waterbeach	MGL	<ul style="list-style-type: none"> • HM Earls Barton
Mepal	MGL	<ul style="list-style-type: none"> • MGL Ringstead
Witcham Meadlands	MGL	<ul style="list-style-type: none"> • MGL Watlington
Crimplesham	MGL	
Watlington	MGL	
Earls Barton	Hanson	
Great Billing	MGL	

Table 3: RMX

<i>SLC Area</i>	<i>Party</i>	<i>Divestment Sites</i>
Market Harborough	Hanson	
Husbands Bosworth	MGL	<ul style="list-style-type: none"> • HM Northampton
Burton Latimer	MGL	<ul style="list-style-type: none"> • HM Wellingborough
Wellingborough	Hanson	<ul style="list-style-type: none"> • HM Market Harborough,
Northampton	MGL	<ul style="list-style-type: none"> • HM Ely
Ely	Hanson	<ul style="list-style-type: none"> • HM St Ives
St Ives	Hanson	

⁹ Note that many Divestment Sites have a share of supply in more than one SLC Area.