

# ANTICIPATED ACQUISITION BY BOPARAN GROUP (VIA 2AGRICULTURE LIMITED) OF FORFARMERS UK LIMITED'S BURSTON AND RADSTOCK FEED MILLS

## SUMMARY OF FINAL REPORT

19 MARCH 2025

### OVERVIEW OF OUR FINAL REPORT

1. The Competition and Markets Authority (**CMA**) has found that the anticipated acquisition (the **Merger**) by Boparan Private Office Limited (via 2Agriculture Limited (**2Agriculture**)) (together referred to as **Boparan**) of ForFarmers UK Limited's Burston and Radstock feed mills to create the **Merged Entity**, amounts to a relevant merger situation that may not be expected to result in a substantial lessening of competition (**SLC**) in the supply of meat poultry feed locally, or any other market within the United Kingdom (**UK**).

### WHO ARE THE BUSINESSES AND WHAT PRODUCTS DO THEY SUPPLY?

2. Boparan is a group of companies active in food production under the common ownership of Mr Ranjit Singh Boparan and Mrs Baljinder Kaur Boparan, which includes:
  - (a) 2Agriculture, a poultry feed milling business with five feed mills in the UK. In this report, where we refer to Boparan, this also includes 2Agriculture, unless otherwise stated.
  - (b) 2 Sisters Food Group Limited (**2SFG**), a supplier and processor of poultry in the UK and Europe.
  - (c) Hook 2 Sisters Limited (**H2S**), a joint venture between 2SFG and PD Hook (Group) Limited (UK), active in rearing chickens for meat.

3. ForFarmers UK Limited is a subsidiary of ForFarmers N.V. (**ForFarmers**), a European animal feed production business. It has ten feed mills and five blend plants at 13 sites across the UK, and also operates one toll-milling blend site.
4. Boparan and ForFarmers are together referred to as the **Parties**. The Parties are both active in the production and supply of animal feed, in particular, meat poultry feed in the UK.
5. On 5 April 2024, Boparan and ForFarmers entered into two asset purchase agreements (**APAs**), whereby ForFarmers agreed to the sale of two of its feed mills located at Burston (Norfolk, East Anglia) and Radstock (Somerset, South West) along with certain related assets. Assets to be transferred include the property and equipment located at each site, production employees and operational supply contracts, but do not include any customer contracts or volumes.

## OUR ASSESSMENT

### Why are we examining this Merger?

6. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so.
7. In this case, the CMA has jurisdiction over the Merger because each of (i) Boparan, and (ii) ForFarmers' Burston and Radstock feed mills, is an enterprise that will cease to be distinct as a result of the Merger and the turnover test is met.

### What evidence have we looked at?

8. In assessing the competitive effects of the Merger, we looked at a wide range of evidence.
9. This includes submissions from the Parties, including their response to the CMA's Phase 1 Decision and to the Phase 2 Interim Report. We also held meetings with the Parties, including a site visit and the Initial Substantive Meeting. We examined the Parties' internal documents, which provide information on their business strategies, their rationale for the Merger, and the markets in which they operate.
10. We spoke to and gathered information from third parties to better understand the competitive landscape and to obtain views on the impact of the Merger. In particular, we received evidence from customers and competitors, as well as the British Poultry Council and the Department for Environment, Food & Rural Affairs.

## WHAT DID THE EVIDENCE TELL US...

### ...about what would likely happen if the Merger does not take place?

11. To determine what (if any) impact the Merger may be expected to have on competition, we have considered what would likely happen if the Merger does not take place. This is known as the counterfactual.
12. Our conclusion is that it is most likely absent the Merger that:
  - (a) the Burston mill would be sold to [X], and it would prioritise the capacity of the Burston mill to meet its internal feed demands; and
  - (b) the Stoke Ferry mill would continue to operate at full, or close to full, capacity.

### ...about the customers that would be affected by the Merger?

13. The supply of meat poultry feed is local in nature, as the proximity of a mill and the cost of transporting feed are important factors for customers. No plausible competition concerns arise in respect of Boparan's purchase of the Radstock mill, as there is no local geographic overlap between the Parties in the supply of meat poultry feed.<sup>1</sup> Our assessment has therefore focused on competition in the local area around the Burston mill, which we assessed by calculating a catchment area based on data of the Parties' customers for their mills in East Anglia.
14. We have examined whether the Merger would lead to an SLC in the supply of meat poultry feed locally because of reduced capacity for third-party feed supply. A reduction in capacity could limit or remove customers' ability to switch, allowing Boparan to profitably increase its prices (or worsen non-price aspects of its offering).

### ...about the effects of the Merger on competition?

15. We considered the likely reduction in total and spare capacity for third-party supply of meat poultry feed locally. In order to do so, we made a number of assumptions about the level of capacity in the counterfactual (outlined above) and in the post-Merger scenario. Two key assumptions had a material impact on our analysis:
  - (a) **How Boparan would operate the Stoke Ferry mill post-Merger.** We consider that, on balance, the evidence supports a scenario where Boparan would close its Stoke Ferry mill and use the Burston mill as a replacement. We also modelled a scenario where the Stoke Ferry mill continued to operate

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<sup>1</sup> On 13 December 2024, the CMA consented to the Parties' request for a derogation from the initial enforcement order dated 1 August 2024 for the sale of the Radstock mill to complete.

post-Merger at reduced capacity (which would be a scenario less likely to result in an SLC as any reduction in capacity as a result of the Merger would be less significant).

- (b) **To what extent any mills outside of the customer catchment would impose a constraint on the Merged Entity.** We consider that evidence, in particular from customers, supports including one additional mill in our capacity analysis. The evidence we gathered did not indicate that any other mill outside of our catchment area provides a material constraint.

16. Our analysis shows that the Merger would lead to a significant reduction in the level of spare capacity for the supply of meat poultry feed to third parties locally. Nevertheless, we consider the remaining level of spare capacity is sufficient to allow customers to switch, based on (i) the level of spare capacity remaining exceeding Boparan's current level of supply to third-party customers, (ii) customer purchasing patterns, which indicate spare capacity is several multiples larger than average customer orders and that customers tend to multi-source, and (iii) mill utilisation rates remaining below the level that mill operators told us were optimal, indicating an ability and incentive to compete for additional customer volumes. We therefore consider that the Merger would not result in an SLC in the supply of meat poultry feed in the local area around the Burston mill.
17. We also looked at whether the Merger could result in Boparan harming the competitiveness of meat poultry feed customers who compete with it downstream in the national supply of poultry meat, such as growers and processors of poultry. As we did not find that the Merger would result in substantial loss of competition upstream in the local supply of meat poultry feed to third-party customers, we consider there would not be an SLC in the downstream supply of poultry meat nationally.

## CONCLUSION

18. For the reasons explained in this report, we conclude that the Merger, if implemented, will result in the creation of a relevant merger situation, but that relevant merger situation may not be expected to result in an SLC in the supply of meat poultry feed in the local area around the Burston mill. The Merger may not therefore be expected to result in an SLC within any market in the UK.