Anticipated Acquisition by Greencore Group plc of Bakkavor Group plc

Decision on relevant merger situation and substantial lessening of competition

ME/2257/25

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Greencore Group plc (**Greencore)** of Bakkavor Group plc (**Bakkavor**), gives rise to a realistic prospect of a substantial lessening of competition (**SLC**) in the supply of own-label chilled sauces in the United Kingdom (**UK**) as a result of horizontal unilateral effects.

2. Greencore has agreed to acquire Bakkavor through a cash and share offer valued at £1.2 billion. The Parties expect to complete the transaction by early 2026. The CMA refers to this acquisition as the **Merger**. Greencore and Bakkavor are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

3. As the CMA has found that the Merger gives rise to a realistic prospect of an SLC, the Parties have until 3 November 2025 to offer undertakings in lieu of a reference (**UILs**) to the CMA that will remedy the competition concerns identified. If no such undertaking is offered, then the CMA will refer the Merger pursuant to sections 33(1) and 34ZA(2) of the Enterprise Act 2002 (the **Act**).

Who are the businesses and what products/services do they provide?

4. Greencore is a food manufacturer, supplier and distributor whose core business is dedicated to the production and supply of convenience food in the UK.

5. Bakkavor is a multinational manufacturer and supplier of fresh prepared foods across the UK, Ireland and United States.

6. The products which the CMA looked at in detail and which both Parties offer were:

(a) Own-label chilled sauces;

(b) Own-label Italian chilled ready meals; and

(c) Own-label salads.

Why did the CMA review this merger?

7. 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. In this case, the CMA has concluded that the CMA has jurisdiction to review this Merger because a relevant merger situation has been created: each of Greencore and Bakkavor is an enterprise and, as a result of the Merger, these enterprises will cease to be distinct, and the turnover test is met.

What evidence has the CMA looked at?

8. In assessing this Merger, the CMA considered a wide range of evidence in the round. The CMA received several submissions and responses to information requests from the Parties, including bidding data in relation to their participation in grocery tenders for own-label chilled sauces, chilled ready meals and salads. The CMA also examined the Parties' own internal documents, which show how they view their competitors in the ordinary course of business.

9. The CMA spoke to, and gathered evidence from, a number of the Parties' customers (ie grocery retailers) and competitors (ie other suppliers) to understand the competitive landscape and to get their views on the impact of the Merger. In particular, the CMA obtained information from grocery retailers regarding their recent tender processes.

What did the evidence tell the CMA about the effects on competition of the Merger?

10. The CMA looked at whether the Merger would lead to a SLC due to horizontal unilateral effects in the supply of the following own-label products: chilled sauces; Italian chilled ready meals; and salads.

11. The CMA does not believe that the Merger raises competition concerns as a result of horizontal unilateral effects in the supply of own-label Italian chilled ready meals or own-label salads.

(a) For Italian chilled ready meals, while the evidence indicates that the Parties have a high combined market share, Bakkavor's share is primarily a result of a single customer, with other grocery retailers rating it as providing a weaker offering. The Parties competed for a few recent opportunities with Bakkavor having limited success, suggesting it does not pose a strong constraint on Greencore or other suppliers. Moreover, the Merged Entity will be constrained by established suppliers, such as Oscar Mayer and Samworth Brothers (**Samworth**) (who were more highly rated than Bakkavor); as well as other suppliers, such as 2 Sisters Food Group (**2SFG**) and Pilgrim's Pride who currently focus on other cuisines (eg Indian/Asian chilled ready meals).

(b) For salads, despite high shares, the evidence indicates there is currently limited competitive interaction between the Parties. Moreover, the Merged Entity will be constrained by at least Samworth, Avondale Foods and Natures Way Foods.

12. The CMA believes that the Merger raises competition concerns resulting from horizontal unilateral effects in the supply of own-label chilled sauces. The evidence indicates the Merged Entity will be one of the largest suppliers of chilled sauces and that the only two other competitors that exert some material constraint on the Parties, 2SFG and Billington Foods, are weaker competitors. Other competitors provide only a very weak constraint on the Parties.

What did the evidence tell the CMA about any entry or expansion?

13. The CMA found grocery retailers are generally unwilling or unable to sponsor entry at the scale that would restore competition to the level that would have prevailed absent the Merger. The CMA did not receive evidence of planned entry or expansion in the supply of chilled sauces. Moreover, the evidence indicates there are also high barriers to entry and expansion, which would make entry and expansion unlikely after the Merger.

What happens next?

14. As a result of these concerns, the CMA believes the Merger gives rise to a realistic prospect of an SLC in the supply of own-label chilled sauces in the UK. The Parties have until 3 November 2025 to offer an undertaking which might be accepted by the CMA to address the SLC. If no such undertaking is offered, or the CMA decides that any undertaking offered is insufficient to remedy its concerns to the phase 1 standard, then the CMA will refer the Merger for an in-depth phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Act.