

# ANTICIPATED ACQUISITION BY ASSOCIATED BRITISH FOODS PLC (THROUGH ABF GRAIN PRODUCTS LIMITED) OF HOVIS GROUP LIMITED

## SUMMARY OF INTERIM REPORT

26 March 2026

### OVERVIEW OF OUR INTERIM REPORT

1. This is the Interim Report of the Inquiry Group appointed to consider the anticipated acquisition (the **Merger**) by Associated British Foods plc (**ABF**) (via its wholly-owned indirect subsidiary, ABF Grain Products Limited) of Hovis Group Limited (**Hovis**), which is ultimately owned by Endless LLP (**Endless**).
2. We have provisionally found that the Merger amounts to a relevant merger situation (**RMS**) that may be expected to result in a substantial lessening of competition (**SLC**) in the supply of bread and certain other bakery products in Northern Ireland (**NI**).
3. We have provisionally found that the Merger may not be expected to result in an SLC in Great Britain (**GB**). This is because absent the Merger we consider it likely that AB's UK bakery business, Allied Bakeries (**AB**), would exit the supply of bread and other bakery products, and there would not have been an alternative purchaser for the entire AB business, or AB's GB bakery assets, that would continue to use them to supply these products in competition with Hovis. Accordingly, regardless of whether the Merger goes ahead or not, the constraint from AB as a separate competitor in GB would be lost.
4. ABF and Hovis are together referred to as the **Parties**, and for statements relating to the future where ABF acquires Hovis (if the Merger proceeds), ABF and Hovis are referred to together as the **Merged Entity**.
5. This is not our final decision, and we invite any interested parties to make representations to us on these provisional findings by **no later than 5pm on Thursday 16 April 2026**. Please submit any responses to these provisional findings by email to [ABFGrainProducts.Hovis@cma.gov.uk](mailto:ABFGrainProducts.Hovis@cma.gov.uk). We will take all submissions received by this date into account in reaching our final decision.

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

6. ABF, through its subsidiary ABF Grain Products Limited, agreed to acquire Hovis on 15 August 2025. ABF told us that the aim of the Merger is to drive significant costs synergies and efficiencies, to create a profitable UK bread business that is sustainable over the long term.
7. ABF is a diversified international goods, ingredients and retail group. Through AB, its UK bakery business, ABF is active in the supply of bread and other bakery products. AB supplies both branded and private label products and its brands include Kingsmill, Allinson's and Sunblest.
8. Hovis supplies branded and private label bread and other bakery products, and its brands include Hovis, Mothers Pride and Ormo. Since 2020, Hovis has been owned by Endless, a private equity firm headquartered in the United Kingdom (UK).
9. We considered the impact of the Merger on two broad sets of products that are supplied by both of the Parties in the UK:
  - (a) Bread, including white bread, wholemeal/brown bread, healthier white bread and seeded bread in the UK (more particularly, pre-packaged, sliced bread also known as 'plant bread'); and
  - (b) Other bakery products, sometimes referred to as 'morning goods'. In GB, we focused on the following areas of overlap: English muffins, hot cross buns and fruit bread. In NI, our focus was on the overlap in pancakes, soda farls and potato farls.
10. The Parties supply bread and other bakery products to retailers, such as grocery multiples and convenience stores, and wholesalers. The majority of sales are made to retailers, who in turn sell products to end consumers.
11. We considered the impact of the Merger in GB and NI separately, as we found that conditions of competition in these products are substantially different between GB and NI. In particular, evidence shows that the competitor set differs, with the market leader in GB, Warburtons, having only very recently entered NI; and there are material differences in consumer preferences, including the popularity of particular bakery products and the presence and popularity of particular brands and private label products in NI.

## OUR ASSESSMENT

### Why are we examining this Merger?

12. The Competition and Market Authority's (**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.
13. In this case, the CMA has jurisdiction over the Merger because each of ABF and Hovis is an enterprise that would cease to be distinct as a result of the Merger and Hovis' UK turnover exceeds £100 million.

### What evidence have we looked at?

14. In assessing the competitive effects of the Merger, we looked at a wide range of evidence.
15. We received submissions and responses to information requests from the Parties, including their [response](#) to [Our areas of focus](#) document. We also held meetings with the Parties, including teach-ins, a site visit, an Initial Substantive Meeting and Update Calls.
16. We also carefully examined the Parties' internal documents and financial data, including detailed evidence in relation to the financial performance of AB, the strategic options considered by the business and future business plans.
17. We also spoke to and gathered information from third parties to better understand the competitive landscape and to obtain views on the impact of the Merger. We received evidence and submissions from the Parties' customers, competitors and other relevant third parties.

## WHAT DID THE EVIDENCE TELL US...

### ...about what would have likely happened had the Merger not taken place?

18. To determine what impact the Merger may be expected to have on competition, we considered what would likely happen if the Merger did not take place. This is known as the counterfactual. The CMA assesses whether the Merger will result in an SLC compared to the counterfactual.
19. Bread is an important staple product, especially for those on lower incomes. Bread is also one of a number of products that are sometimes classed by retailers as

'known value items', ie items which consumers are very familiar with; are aware of how much they cost; and which, if not priced competitively, may cause them to see the retailer as being 'bad value'. As a result, larger retailers generally consider it important to match, or at least stay close to, the lowest market prices for bread.

20. However, previous work by the CMA on price inflation and competition in groceries and evidence collected during our investigation shows that the market for bread is in long-term decline, with demand decreasing as consumer preferences change, and it is common for manufacturers to make a loss in this market. Jacksons (2023) and Roberts (2025) are recent examples of bread businesses that were acquired in a pre-packaged administration process. Morrisons has also announced the closure of its Rathbones bakery (2026).
21. During our investigation, some large grocery retailers highlighted the financial difficulties facing bread suppliers, and the risk of bread businesses exiting the market. Concerns were raised with us about the potential impact of an uncontrolled market exit on bread prices, and the risk of food security of supply issues.
22. AB and Hovis have each faced financial challenges, with AB making significant losses over the last 14 years due to the overall decline in demand for bread, the increase in demand for lower margin private label products and significant increases in costs such as energy, wheat and distribution costs. AB's parent company, ABF, funded these losses while various restructuring initiatives were pursued to try to address AB's financial position.
23. In light of the significant challenges faced by AB, we have considered whether AB is likely to exit the market absent the Merger (ie close the bakery business down and stop supplying bread and other bakery products in the UK). We then considered whether, if the Merger had not taken place, there would have been another buyer for AB or its assets that would raise fewer competition concerns than the Merger (for example, a buyer that does not already own a competing bakery business).
24. On the first question, assessing the evidence in the round, our provisional conclusion is that absent the Merger, AB is likely to exit the market in the UK (ie in GB and in NI). The evidence shows that AB is a heavily loss-making business in a structurally declining market and the bakery business is not of wider strategic importance to ABF. The evidence also shows that AB's Kingsmill brand is considered to be weak compared to other brands such as Warburtons and Hovis, and this has contributed to the significant decline in branded volumes. As one of only three GB suppliers with a nationwide delivery network that delivers bread and other bakery products direct to retail stores six days per week, AB faces high fixed costs from distribution, which has impacted profitability as AB's volumes have

declined. The losses made by AB have persisted despite restructuring of the business to cut costs and reduce capacity.

25. Our analysis of internal business documents shows that ABF has also considered a wide range of other restructuring options to improve the financial performance of AB. However, the evidence shows that these are unlikely to be sufficient to turn the business around. The evidence also shows that some of these options have feasibility issues (for example, the changes might not be accepted by some retail customers, including some grocery multiples), further reducing the incentive of ABF to pursue one or more of them rather than closing AB.
26. We have also considered whether there are any other options (such as investing in higher value products) that ABF could pursue to improve the financial performance of AB. However, our analysis shows it is likely that these would be insufficient to return AB to profitability, and any benefits may take a number of years to be realised, during which time AB would continue to be significantly loss-making.
27. On the second question, assessing the evidence in the round, our provisional conclusion is that there is unlikely to be an alternative purchaser of the whole AB business that would continue to use AB's assets to supply bread and other bakery products in competition with Hovis.
28. As ABF has not run a sales process for AB, we have considered possible potential purchasers and contacted them in order to assess their potential interest in a purchase of AB, or a collection of its assets. We collected evidence from third parties who:
  - (a) have recently been involved in acquisitions in the sector;
  - (b) have previously approached ABF and/or Hovis directly about purchasing one or both of their businesses; and/or
  - (c) were identified by the Parties in internal business documents as being most likely to benefit from potential synergies if they acquired AB or Hovis due to their positions in the same or related markets.
29. We consider that the overall pool of potential purchasers for the AB business as a whole (that would continue to run it as a supplier of bread and other bakery products on a national scale, particularly in GB for bread) is likely to be limited as AB is loss-making. Any potential purchaser would require significant funding to absorb the losses as it seeks to turn the AB business around and will likely be required to generate synergies with its existing business in order to operate it profitably. As noted above, ABF has already reduced costs and cut capacity and explored a wide range of other options to restructure AB.

30. In addition to the long-term decline of both the industry and AB in particular, and the relatively weak position of the Kingsmill brand, the evidence shows that there are likely to be limited synergies available for businesses active in similar or related markets. These factors limit the attractiveness of AB to an alternative purchaser. None of the potential strategic purchasers that we spoke to indicated that they would be interested in an opportunity to purchase AB, or any of AB's GB assets, and operate it in competition with Hovis. We therefore consider that it is unlikely that there would have been a purchaser for AB's assets as a whole that would have continued to use those assets to supply of bread and other bakery products in competition with Hovis across the UK.
31. AB's NI business is operated to a large extent independently of the GB business, having its own manufacturing and distribution facilities and, unlike the business in GB, is profitable. We therefore considered whether there might be an alternative purchaser of the AB NI business.
32. We consider that there are relevant differences between GB and NI that impact whether it is likely that there would be an alternative buyer for the AB NI business or its assets. In particular:
- (a) As above, the AB NI business is profitable and makes a positive contribution to central costs and would require limited synergies (compared to GB) to make the business profitable on a standalone basis.
  - (b) Funding requirements would also be lower than in GB, as there would be no need for a purchaser to fund ongoing losses while they turn the business around.
  - (c) Distribution models are different. In NI products are typically delivered direct to store for all customers, but distribution may be undertaken by third parties, such as self-employed van drivers, and customers are located within a smaller geographic area resulting in higher route densities. This contributes to lower distribution costs as a percentage of revenue for AB NI compared to the rest of AB UK.
  - (d) There are differences in competitive dynamics, with larger GB suppliers such as Warburtons and Fine Lady Bakeries having no or limited presence in NI.
  - (e) In contrast to the relatively weak position of the Kingsmill brand in GB, AB's brands in NI are stronger, established and well recognised.
  - (f) The AB NI business represents an opportunity for other suppliers, such as those based in the Republic of Ireland (**ROI**), to enter or expand in NI to help overcome barriers to entry and expansion in NI, including access to distribution and the importance of brand.

33. These factors indicate that the AB NI business would likely be of interest to an alternative purchaser. In addition, ABF is currently running a sales process for the AB NI business, and a number of interested parties have submitted non-binding offers.
34. As a result, based on the evidence available to us, our provisional view is that absent the Merger it is likely that there would have been an alternative purchaser for the AB NI business that would have continued to operate the business in competition with Hovis. We have therefore provisionally found that the most likely conditions of competition absent the Merger would broadly be the prevailing conditions of competition in NI, arising from the sale of AB NI to an alternative purchaser.

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

35. Our provisional conclusion is that absent the Merger ABF is likely to exit the AB business in the whole of the UK and there would not be an alternative purchaser for the AB business that would continue to use AB's GB assets to supply bread and other bakery products in competition with Hovis. Accordingly, both with the Merger and in the counterfactual, the constraint from AB as a separate competitor in GB would be lost. We have therefore found that the Merger may not be expected to result in an SLC in bread and other bakery products in GB.
36. However, we have provisionally concluded that there is likely to be a purchaser for AB's NI assets that would continue to compete with Hovis absent the Merger. We have therefore focused our assessment of the effects of the Merger in NI.
37. In relation to bread, we received mixed evidence on whether end consumers consider different types of bread, such as white and brown/wholemeal, as alternatives. However, manufacturers can produce different types of bread using the same production lines and frequently switch production between different types of bread. Retailers may stock a selection of branded and private label bread, or may primarily stock only branded or private label, depending on their business model. Retailers consider that branded and private label bread are alternatives for end consumers, although there is a higher degree of brand loyalty in NI (compared to GB), which contributes to private label products accounting for a lower proportion of total sales.
38. In relation to other bakery products, evidence shows that end consumers do not consider different products, such as potato farls and soda farls, as alternatives. This is reflected in stocking decisions made by retailers, with retailers looking to offer a range of different products to end consumers. These bakery products are also typically manufactured on dedicated production lines. Evidence on branded and private label products is similar to bread; it shows that these products are considered to be alternatives for end consumers although there is a higher degree

of brand loyalty in NI (compared to GB), which contributes to lower private label sales.

39. Evidence indicates that the markets for bread and other bakery products in NI are separate from those in GB. For example, as noted above, there are different consumer preferences in NI compared to GB due to the popularity of particular bakery products and the presence and popularity of particular brands and private label products in NI, there are different distribution models, and the competitive dynamics differ between GB and NI. Further, evidence indicates that suppliers active in the ROI face challenges supplying into NI, including access to distribution systems and consumer preference for local brands. While customers in NI are open to using ROI based suppliers, the majority of volumes sold in NI are accounted for by suppliers that already have established brands in NI.
40. We therefore assessed the effects of the Merger on the supply of bread, pancakes, potato farls and soda farls in NI, taking into account any differences in the constraints from branded and private label products, and the additional constraint from ROI based suppliers, as part of our assessment.

### **... about the effects of the Merger?**

41. In bread, evidence shows that the Merger will combine the two largest suppliers, with the Parties accounting for nearly two thirds of the total market and nearly all of the private label bread supplied in NI. The Parties were also consistently recognised by third parties as effective alternatives for the supply of bread.
42. Other competitors such as Irwin's, Brennans and Gallaghers hold much smaller shares and were identified much less frequently by third parties as effective suppliers. Third parties also identified some weaknesses for these other suppliers, including their capacity, product range, access to distribution networks and brand recognition in NI.
43. Taking this evidence into account, we provisionally consider that ABF is acquiring one of the few alternative suppliers of bread in NI and the Merged Entity would face limited competitive constraints. We therefore provisionally consider that the Merger may be expected to result in an SLC in the supply of bread in NI.
44. In relation to other bakery products:
  - (a) For pancakes, the Parties are by far the largest suppliers, accounting for over 80% of total sales in NI, and all private label sales. The Parties were also consistently recognised by third parties as effective alternatives. This contrasts with other suppliers, who each hold less than a 5% share. Of the other suppliers, only Irwin's was identified as an effective alternative by more than one customer.

- (b) In soda farls, the Parties account for nearly 60% of total sales in NI, with only one other supplier, Irwin's, holding a share in excess of 10%. The Parties also account for more than 90% of private label supply. Third parties frequently identified the Parties, alongside Irwin's, as effective alternatives. No other supplier was identified more than once as an effective alternative.
  - (c) In potato farls, the Parties account for nearly half of total sales in NI, and of branded and private label sales respectively in NI. Irwin's is the only other supplier with a share in excess of 10%. Third parties frequently identified the Parties, alongside Irwin's, as effective alternatives. No other supplier was identified more than once as an effective alternative.
45. Taking this evidence into account, we provisionally consider that the Merged Entity would be the clear market leader in pancakes, soda farls and potato farls in NI and that the loss of competition between the Parties would not be offset by the constraint posed by other suppliers in the market. We therefore provisionally consider that the Merger may be expected to result in an SLC in the supply of pancakes, soda farls and potato farls in NI.

## PROVISIONAL CONCLUSION

46. For the reasons explained in this report, we provisionally conclude that the Merger will result in the creation of a RMS, and the creation of that RMS may be expected to result in an SLC in the supply of each of bread, pancakes, potato farls and soda farls in NI, but may not be expected to result in an SLC in the supply of bread or any other bakery products in GB.

## WHAT HAPPENS NEXT?

47. We invite any interested parties to make representations to us on these provisional findings by **no later than 5pm on Thursday 16 April 2026**.
48. As a result of the provisional SLC identified, the Parties are required to confirm to the CMA within three working days of notification of this Interim Report whether they intend to submit a completed Phase 2 Remedies Form (Remedies Form), and to submit this by **no later than 5pm on Thursday 9 April 2026**. Following submission of the Remedies Form (or confirmation by the Parties that they do not intend to submit such a form), the CMA will publish an Invitation to Comment on Remedies in order to consult on possible action to remedy, mitigate or prevent the SLC provisionally identified. For more information on the phase 2 remedy process, see chapter 13 of [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), 19 December 2025.