

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

Interim Report

ME/7129/25
26 March 2026



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The Competition and Markets Authority has excluded from this published version of the Interim Report information which the inquiry group 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 Some numbers have been replaced by a range. These are shown in square brackets. Non-sensitive wording is also indicated in square brackets.

CONTENTS

SUMMARY	6
OVERVIEW OF OUR INTERIM REPORT	6
WHO ARE THE BUSINESSES AND WHAT PRODUCTS DO THEY SUPPLY?.....	6
OUR ASSESSMENT	7
Why are we examining this Merger?	7
What evidence have we looked at?	8
WHAT DID THE EVIDENCE TELL US	8
...about what would have likely happened had the Merger not taken place?	8
...about the customers that would be affected by the Merger?	12
... about the effects of the Merger?	13
PROVISIONAL CONCLUSION.....	14
WHAT HAPPENS NEXT?.....	14
FINDINGS	15
1. INTRODUCTION	15
Evidence in our investigation.....	16
2. THE PARTIES, TRANSACTION AND MERGER RATIONALE.....	18
The Parties	18
Transaction.....	18
Merger rationale	21
3. RELEVANT MERGER SITUATION.....	24
Enterprises ceasing to be distinct.....	24
The turnover test	25
Conclusion on the relevant merger situation	26
4. NATURE OF COMPETITION.....	27
Customer types	27
Parameters of competition.....	29
The value chain	31
Distribution of plant bakery products in NI	34
Procurement of plant bread and morning goods by GMs	37
Procurement of plant bread and morning goods by convenience customers	38
5. MARKET DEFINITION	40
Framework	40
The supply of plant bread	41
The supply of morning goods	65
6. COUNTERFACTUAL	80
Introduction.....	80
Framework for assessing the counterfactual	80
Limb 1: Likelihood of exit.....	81
Limb 2: Alternative purchasers	121

	Provisional conclusions on the counterfactual.....	137
7.	COMPETITIVE ASSESSMENT.....	138
	Introduction.....	138
	Theory of Harm 1: supply of plant bread in NI.....	139
	Theory of Harm 2: supply of pancakes in NI.....	162
	Theory of Harm 3: supply of potato farls in NI.....	176
	Theory of Harm 4: supply of soda farls in NI.....	189
8.	COUNTERVAILING FACTORS.....	204
	Entry and expansion.....	204
	Efficiencies.....	210
9.	PROVISIONAL CONCLUSIONS.....	212
10.	NEXT STEPS.....	213

APPENDICES

- A. Supplementary financial data
- B. Shares of supply
- C. Third-party evidence

SUMMARY

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. 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.

FINDINGS

1. INTRODUCTION

- 1.1 This is the Interim Report of the Inquiry Group appointed to consider the anticipated acquisition 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**) (the **Merger**).^{1,2}
- 1.2 On the basis of the evidence to which we refer, and our assessment of that evidence, in this Interim Report we provisionally conclude that the Merger, if carried into effect, will result in the creation of a relevant merger situation (**RMS**), and may be expected to result in a substantial lessening of competition (**SLC**) in the supply of each of plant bread, pancakes, potato farls and soda farls in Northern Ireland (**NI**).
- 1.3 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 ABF's UK bakery business, Allied Bakeries (**AB**), would exit the GB markets for the supply of bread and other bakery products, and there would not have been an alternative purchaser for AB's GB bakery assets that would continue to use them to supply these 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.
- 1.4 The Interim Report sets out the reasoning for the provisional decisions as well as describing the evidence upon which those decisions are based.³ It provides interested parties with an understanding of the evidence the Inquiry Group has received and assessed in the investigation to date and the findings which we propose to draw from it.
- 1.5 The provisional conclusions presented in this Interim Report are not our final decision. This will be made at the end of the investigation and may vary from the provisional conclusions presented in this Interim Report. Interested parties are

¹ On 8 January 2026, in exercise of its duty under [section 33\(1A\)](#) of the Enterprise Act 2002 (the **Act**), the Competition and Markets Authority (**CMA**), having concluded that the conditions to accept a fast-track reference request under [section 34ZF\(3\)](#) of the Act are met, and having accepted the fast-track reference request made by ABF, Hovis and Endless, made a reference to its Chair for the constitution of a Group of CMA Panel Members (the **Inquiry Group**) under [Schedule 4](#) to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 24 June 2026. ABF, Endless and Hovis are together referred to as the **Parties**, and for statements relating to the future where ABF acquires Hovis (if the Merger was to proceed), ABF and Hovis are referred to together as the **Merged Entity**. The relevant terms of reference can be found on the CMA website, see: CMA, [Terms of reference](#), 8 January 2026.

² The Interim Report has been notified to the Parties and is published pursuant to the [CMA rules of procedure for merger, market and special reference groups \(CMA17\)](#), 2 January 2025, Rule 11.

³ [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), 19 December 2025, paragraph 12.53.

invited to make written representations on any aspect of this Interim Report by **no later than 5pm on Thursday 16 April 2026**.

- 1.6 Following this, the Inquiry Group will conduct a face-to-face hearing at which the Parties will have an opportunity to expand upon or supplement any written representations they wish to make.⁴ We may also request and/or receive further evidence following the hearing which may inform the Inquiry Group's final decision.

Evidence in our investigation

- 1.7 In conducting our investigation in phase 2, we have had access to and assessed evidence gathered during the phase 1 investigation, as well as the additional evidence received in phase 2 to date. The evidence base that we have drawn on includes the following:
- (a) We held several meetings with the Parties and their advisors during the phase 1 process, including: a teach-in with ABF on 23 September 2025,⁵ an update call with ABF on 28 October 2025, an initial meeting with Hovis on 25 November 2025,⁶ and an update call with ABF on 17 December 2025. We have held further meetings with the Parties and their advisors during the phase 2 process, including: a further teach-in on 21 January 2026, an Initial Substantive Meeting (**ISM**) on 4 February 2026, a site visit on 11 February 2026, and an update call on 23 February 2026.⁷
 - (b) Submissions made by the Parties during the phase 1 process on 19 August 2025,⁸ 22 August 2025,⁹ 7 November 2025,¹⁰ 12 November 2025,¹¹ 16 December 2025¹² and 18 December 2025.¹³ The Parties also submitted a response to the phase 2 '**Areas of focus**' document on 29 January 2026.¹⁴

⁴ The main party hearing provides an opportunity for the merger parties to explain their position on issues raised in the interim report orally, directly to the Inquiry Group. Merger parties can waive their right to a main party hearing, for example where the Inquiry Group's interim report indicates that no SLC arises as a result of the merger, or where merger parties elect at that stage to focus only on remedying the SLCs identified in the interim report. See [CMA2](#) paragraph 12.60.

⁵ ABF, Teach-in, 23 September 2025.

⁶ Hovis, Initial meeting, 25 November 2025.

⁷ Information on the purpose and content of a teach-in, an ISM and update calls during the phase 2 process can be found in [CMA2](#), paragraphs 12.10-12.15 and 12.41-12.45.

⁸ Parties, 'Briefing paper for the CMA', 19 August 2025.

⁹ On 22 August 2025, ABF submitted a chronology to the CMA which provided an overview of key strategy documents, decisions and events relating to AB, and which ABF considered to be relevant to the assessment of AB's financial position and the counterfactual (ABF, 'Allied Bakeries Chronology: Key Strategic Documents, Decisions and Event', 22 August 2025). The chronology was resubmitted as Annex 0006 to the Draft Merger Notice (**DMN**), dated 12 September 2025. An updated chronology was submitted on 5 November 2025 to reflect the Parties' response to CMA RF14 dated 24 October 2025. A final updated chronology was submitted as Annex 006 to the Final Merger Notice (**FMN**) on 18 December 2025.

¹⁰ Hovis, 'Update on Hovis financial performance', 7 November 2025.

¹¹ ABF, 'Competitive outcomes in the counterfactual and merger scenarios', [X], 12 November 2025.

¹² ABF, 'Allied Bakeries Timeline', 16 December 2025.

¹³ Final Merger Notice (**FMN**), 18 December 2025.

¹⁴ See, CMA, '[Our Areas of focus \(Areas of focus\)](#)', 15 January 2026 and [Parties' response to the 'Areas of focus' document](#), 29 January 2026.

- (c) We have received the Parties' responses to several information requests (including a large volume of internal documents and emails, and quantitative evidence on revenues, margins and market shares).
- (d) We have also received written responses to our phase 1 and phase 2 information requests from 45 third parties and held calls with 15 third parties in the industry (including customers and competitors). We also received internal documents from some of these third parties.

2. THE PARTIES, TRANSACTION AND MERGER RATIONALE

The Parties

- 2.1 ABF is a diversified international food, ingredients and retail group, headquartered in London and listed on the London Stock Exchange. Its activities are organised into five business segments: ingredients, sugar, grocery, agriculture and retail.¹⁵ The turnover of ABF in its 2025 financial year was £19.5 billion worldwide and £6.9 billion in the UK.¹⁶
- 2.2 ABF Grain Products Limited is a wholly-owned subsidiary of ABF and forms part of ABF's grocery segment. AB is the UK bakery business of ABF Grain Products Limited. Through AB, ABF manufactures and supplies bread and other bakery products in GB and NI. AB supplies both branded and private label goods and its brands include Kingsmill, Allinson's, and Sunblest.¹⁷
- 2.3 ABF's decision-making is devolved across its businesses, with operational decisions being taken by divisional leads along with the ABF senior executive team (**ABF SET**).¹⁸ However, strategic decisions for the businesses, in this case AB, are made by [X].¹⁹
- 2.4 Hovis manufactures and supplies branded and private label bread and other bakery products in GB and NI. Its primary brand is Hovis, and its portfolio also includes Mothers Pride and Ormo. Since 2020, Hovis is ultimately owned by Endless, a UK-headquartered private equity firm.²⁰ Hovis' turnover in its 2024 financial year was £446.8 million worldwide and £435.9 million in the UK.²¹

Transaction

- 2.5 Under a share purchase agreement dated 15 August 2025, ABF, through its subsidiary ABF Grain Products Limited, will acquire all shares in Hovis for an

¹⁵ Parties, 'Briefing paper for the CMA', 19 August 2025, paragraph 2.1; and FMN, paragraph 3.9.

¹⁶ [Associated British Foods plc 2025 Annual Report and Accounts](#), (financial year ended 13 September 2025) page 168 (last accessed on 24 March 2026).

¹⁷ Parties, 'Briefing paper for the CMA', 19 August 2025, paragraph 2.2; and FMN, paragraphs 3.1-3.2.

¹⁸ The ABF SET for AB is comprised of the ABF's CEO, Finance Director, Business Performance Director, Director of Business Development, Chief People and Performance Officer, Director of Legal Services and Company Secretary, and AB's CEO. ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, paragraphs 2.2 and 2.5.

¹⁹ ABF, 'Allied Bakeries Timeline', 16 December 2025, paragraphs 2.7-2.8.

²⁰ Parties, 'Briefing paper for the CMA', 19 August 2025, paragraph 2.5; and FMN, paragraph 3.20.

²¹ FMN, paragraphs 6.3-6.4; and [Hovis Group Limited Annual Report and financial statements](#) (financial year ended 28 September 2024), page 32 (last accessed on 24 March 2026). Hovis has also confirmed to the CMA that according to its unaudited annual accounts for the financial year ending on 27 September 2025, its turnover was £[X] million in the UK (Hovis submission to the CMA, 27 February 2026).

estimated enterprise value of £[REDACTED] million. The sellers comprise investment funds managed by Endless and members of Hovis management.²²

2.6 ABF and Hovis (or its owners at the relevant times) have discussed a potential transaction or some form of collaboration at various points since at least November 2007. This has involved numerous discussions, of varying lengths, over an extended period of time. Discussions between ABF and Hovis (or its owners) include:

- (a) In November 2007/early-2008, ABF and Premier Foods (Hovis' owner at the time) discussed the [REDACTED] with Premier Foods/Hovis.²³
- (b) Between October 2015 and April 2016, ABF, Gores Group (**Gores**) (a private equity firm that acquired a majority stake in Hovis in 2014)²⁴ and Hovis discussed a [REDACTED].
- (c) In January 2018, AB and Hovis discussed a potential collaboration in [REDACTED].²⁵
- (d) In June 2018, Hovis' CEO approached ABF to discuss a [REDACTED].²⁶ Discussions were ongoing until October 2018.
- (e) Between January 2019 and May 2020, ABF and Hovis further discussed potential collaboration options, including a [REDACTED] and a joint venture [REDACTED].²⁷ However, Gores ultimately agreed to sell Hovis to Endless in November 2020.
- (f) Following Endless' acquisition of Hovis, ABF and Hovis had discussions between November 2020 and May 2021 regarding potential collaboration in relation to [REDACTED].²⁸

²² FMN, paragraphs 2.1 and 5.1; Parties' response to the CMA's RFI dated 11 March 2026.

²³ On 22 August 2025, ABF submitted a chronology to the CMA which provided an overview of key strategy documents, decisions and events relating to AB, and which ABF considered to be relevant to the assessment of AB's financial position and the counterfactual (ABF, 'Allied Bakeries Chronology: Key Strategic Documents, Decisions and Event', 22 August 2025). The chronology was resubmitted as Annex 0006 to the Draft Merger Notice (**DMN**), dated 12 September 2025. An updated chronology was submitted on 5 November 2025 to reflect the Parties' response to CMA RFI4 dated 24 October 2025. A final updated chronology was submitted as Annex 006 to the Final Merger Notice (**FMN**) on 18 December 2025 (ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, Table 1). Premier Foods acquired Hovis in 2007 (Parties' response to the CMA's RFI dated 24 October 2025, paragraph 4.1.1; and ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, paragraph 1.1).

²⁴ ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, Table 1. Gores acquired a 51% controlling stake in Hovis in approximately April 2014, with Premier Foods retaining a 49% stake (Parties' response to the CMA's RFI dated 24 October 2025, paragraph 4.1.2; and ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, paragraph 1.2).

²⁵ ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, Table 1.

²⁶ ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, Table 1 and paragraph 5.

²⁷ ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, Table 1 and paragraph 5. During these discussions, the Hovis CEO [REDACTED] (ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, paragraph 6).

²⁸ ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, Table 1. Endless acquired the entirety of Hovis in November 2020 (ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, paragraph 4.17 and Appendix 1, paragraph 1.3).

- (g) Between February 2022 and April 2023, ABF entered into discussions with Endless (with Hovis' input) regarding potential [REDACTED], including by way of a [REDACTED] or as a joint venture, with input from [REDACTED], a consultancy firm. The Parties submitted that ABF and Endless ultimately concluded that there was a [REDACTED]. Endless and ABF also explored the potential for a broader [REDACTED] joint venture, but the Parties submitted that talks broke down as they were [REDACTED].²⁹
- (h) In late November and December 2023, informal meetings took place between ABF and Endless, prompting the start of formal discussions which ultimately led to the final agreement of the Merger in August 2025.³⁰
- (i) In March 2024, ABF and Endless formally met to discuss potential areas of collaboration, including: [REDACTED]. Further meetings took place between April and June 2024, and on 9 July 2024, ABF and Endless agreed that ABF should consider [REDACTED].³¹
- (j) In August 2024, ABF and Endless entered into an NDA and clean team arrangements and in early September 2024 ABF commenced initial due diligence.³²
- (k) Between late September and November 2024, ABF and Endless negotiated a price for Hovis, with ABF, on 14 November 2024, confirming an offer of £[REDACTED] million for Hovis. Endless verbally accepted the offer on 25 November 2024 and permitted ABF to engage in further due diligence.³³
- (l) On 10 December 2024, ABF formally made a non-binding offer for Hovis of £[REDACTED] million.³⁴ ABF updated its non-binding offer on 21 March 2025, and again on 18 June 2025, reducing its valuation of Hovis to £[REDACTED] million in view of a downturn in Hovis' trading.³⁵ The final share purchase agreement was then signed on 15 August 2025.³⁶

²⁹ ABF, 'Allied Bakeries Timeline', 16 December 2025, paragraph 7.4.1; ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, Appendix 1, Table 1 and paragraph 27.2; and Parties' response to the CMA's RFI dated 24 October 2025, paragraphs 7.3 and 8.2.

³⁰ ABF, 'Allied Bakeries Timeline', 16 December 2025, paragraph 14.5; FMN, paragraph 2.15; and ABF Internal Document, Annex 006 to the FMN dated 18 December 2025, paragraph 44.4 and footnote 31, and Appendix 1, Table 1.

³¹ FMN, paragraphs 2.15-2.17.

³² FMN, paragraph 2.19.

³³ FMN, paragraph 2.20.

³⁴ FMN, paragraph 2.22.

³⁵ FMN, paragraphs 2.24 and 2.27.

³⁶ FMN, paragraph 2.1.

Merger rationale

- 2.7 The Parties submitted that the primary rationale for the Merger is the cost synergies that will be generated by combining ABF's and Hovis' operations, creating a sustainable platform for the future business.³⁷
- 2.8 ABF submitted that the Merger results from its review of strategic options for AB which has been loss making with cumulative operating losses of c.£ [§] million over the past 14 years.³⁸ ABF submitted that the losses of AB are not attributable to inefficiencies, temporary shocks or execution failures but to adverse market-wide conditions and structural characteristics undermining the viability of continuing the business on a standalone basis.³⁹ Hovis has also faced increasingly challenging financial circumstances, and has been loss making for a number of years.⁴⁰
- 2.9 ABF submitted that profitability has been increasingly challenged due to consistently declining demand for pre-sliced packaged bread and the loss of scale in its nationwide, daily delivery, distribution network.⁴¹ ABF submitted that declining bread demand has left AB with excess capacity and high fixed distribution costs which cannot be reduced further without losing nationwide coverage.⁴²
- 2.10 ABF also submitted that AB has tried to improve cost recovery through price increases and volume growth.⁴³ However, the Parties submitted that GMs hold significant buyer power, controlling the allocation of volume and shelf space in a market with declining demand. GMs have substantially increased the sale of their own private label products, displacing volume of the higher margin Kingsmill and Hovis branded product and have successfully negotiated and maintained very low prices.⁴⁴ GMs also have the ability to consolidate the number of brands they sell, as seen by Tesco's recent delisting of Kingsmill.⁴⁵
- 2.11 ABF also submitted that AB has faced cost inflation in respect of wheat, power and raw materials following Russia's invasion of Ukraine in late February 2022. As a result, even where price increases have been achieved (approximately [§]p per

³⁷ FMN, paragraph 2.5.

³⁸ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.6.

³⁹ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.2.

⁴⁰ FMN, paragraph 10.1; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 1.6, 1.8 and 7.3.

⁴¹ See: ABF, [ABF to Acquire Hovis Group - ABE](#), following review of strategic options for Allied Bakeries, 15 August 2025 (last accessed on 24 March 2026).

⁴² FMN, paragraph 2.6; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 2.15-2.16.

⁴³ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 3.16.

⁴⁴ FMN, paragraph 32; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 2.25.

⁴⁵ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 2.25.

pack between FY20/21 and FY24/25), this has have fallen short of input cost inflation, adversely affecting profitability.⁴⁶

- 2.12 The Parties submitted that after the Merger, ABF intends to merge Hovis with its bakery division, AB, to create significant synergies which will remove substantial costs and put the Merged Entity on a sustainable footing going forward.⁴⁷ ABF has estimated synergies amounting to c.£[REDACTED] million per annum derived from the Merger.⁴⁸ ABF submitted that, with AB's sustained losses and the structural decline in plant bread generally, the resulting synergies from the Merger are the only solution to return AB to profitability.⁴⁹ Therefore, ABF submitted that the Merger is the only realistic option and exit is inevitable absent the Merger,⁵⁰ as is discussed below in Chapter 6.
- 2.13 ABF's estimated Merger synergies arise from efficiencies that would be realised largely in GB. Synergies comprise approximately:⁵¹
- (a) £[REDACTED] million from combining operational footprints, including the [REDACTED];
 - (b) £[REDACTED] million from integrating GB distribution and logistics networks (including [REDACTED]);
 - (c) [REDACTED]; and
 - (d) [REDACTED].
- 2.14 The Parties also submitted that the substantial synergies and cost savings will create a financially resilient platform that justifies ABF investing in the Merged Entity. Planned investment of £[REDACTED] million will support new product development aligned with evolving customer preferences, [REDACTED].⁵² ABF intends to [REDACTED] the Hovis brand [REDACTED], creating product innovation synergies.⁵³ The Parties submitted that the Merger will therefore enhance the Merged Entity's ability to compete more effectively and ensure greater choice for customers and consumers.⁵⁴

⁴⁶ ABF, 'Allied Bakeries Timeline', 16 December 2025, paragraph 9.1; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.16.

⁴⁷ FMN, paragraphs 2, 2.1 and 2.5.

⁴⁸ FMN, paragraph 2.6.

⁴⁹ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.38.

⁵⁰ FMN, paragraph 6.

⁵¹ Parties, 'Briefing paper for the CMA', 19 August 2025, paragraphs 4.3.1-4.3.4; FMN, paragraphs 2.6.1-2.6.4; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 2.16, 3.42(a), and 3.48.

⁵² [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 2.20.

⁵³ An ABF internal document discusses [REDACTED] the Hovis brand and anticipates that new product development will generate EBITDA benefits of £[REDACTED] million in 2028, £[REDACTED] million in 2029, and £[REDACTED] million in 2035, with an estimated £[REDACTED] million of direct investment required to achieve these synergies (ABF internal document, Annex ABF005429 to the FMN dated 16 December 2025, slide 8).

⁵⁴ FMN, paragraphs 2, 2.5 and 2.7-2.8.

2.15 ABF internal documents discussing the Merger rationale are broadly consistent with the Parties' Merger rationale submissions described above.⁵⁵

⁵⁵ For example: ABF Internal Documents, Annex ABF005346 to the CMA's s109 Notice dated 1 October 2025, '[REDACTED]', page 4; Annex ABF005409 to the CMA's s109 Notice dated 1 October 2025, '[REDACTED]', page 5; Annex ABF005429 to the CMA's s109 Notice dated 1 October 2025, '[REDACTED]', pages 2 and 8; and Annex ABF005396 to the CMA's s109 Notice dated 1 October 2025, '[REDACTED]', page 5-9.

3. RELEVANT MERGER SITUATION

- 3.1 This chapter addresses the first of the two statutory questions which we are required to answer under section 36(1) of the Act, namely, whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation (**RMS**).⁵⁶
- 3.2 The concept of an RMS, which is used to assess whether the CMA has jurisdiction to investigate a merger, has two principal elements: (a) two or more enterprises cease to be distinct enterprises; and (b) the value of the turnover in the UK of the enterprise being taken over exceeds £100 million.⁵⁷ We address each of these elements in turn below.
- 3.3 For the reasons set out below, we provisionally conclude that the Merger, if carried into effect, will result in the creation of an RMS, on the basis that the Parties are enterprises that will cease to be distinct and that the value of the turnover in the UK of the enterprise being taken over (Hovis) exceeds £100 million.

Enterprises ceasing to be distinct

Enterprises

- 3.4 The first element of the jurisdictional test is whether two or more enterprises will cease to be distinct as a result of the Merger.⁵⁸
- 3.5 The Act defines an 'enterprise' as 'the activities, or part of the activities, of a business'. A 'business' is defined as including 'a professional practice and includes any other undertaking which is carried on for gain or reward or which is an undertaking in the course of which goods or services are supplied otherwise than free of charge'.⁵⁹
- 3.6 ABF, headquartered in London, UK, is a diversified international food, ingredients and retail group.⁶⁰ ABF's turnover in 2025 was approximately £6.9 billion in the UK.⁶¹ AB is a division of ABF's wholly-owned subsidiary, ABF Grain Products

⁵⁶ Section 36 of the Act.

⁵⁷ Sections 23 and 24 of the Act. There are other elements which can apply when determining the RMS question (such as the statutory period for reference, the share of supply test and the hybrid test), but these do not need to be considered in this case.

⁵⁸ Section 23 of the Act.

⁵⁹ Section 129(1) of the Act.

⁶⁰ FMN, paragraph 3.9.

⁶¹ [Associated British Foods plc 2025 Annual Report and Accounts](#), (financial year ended 13 September 2025) page 168 (last accessed on 24 March 2026).

Limited.⁶² AB manufactures and supplies bread and other bakery products in GB and NI.⁶³

3.7 Hovis, headquartered in High Wycombe, UK, also manufactures and supplies bread and other bakery products in GB and NI.⁶⁴ Hovis's turnover in 2024 was £435.9 million in the UK.⁶⁵

3.8 Our provisional conclusion is that each of ABF and Hovis is a 'business' within the meaning of the Act and that, accordingly, the activities of each of ABF and Hovis constitute an 'enterprise' for the purposes of the Act.

Ceasing to be distinct

3.9 The Act provides that any two enterprises 'cease to be distinct' if they are brought under common ownership or common control.⁶⁶

3.10 As a result of the Merger, ABF, through its wholly-owned subsidiary ABF Grain Products Limited, will acquire the entire issued share capital of Hovis.⁶⁷ Accordingly, on completion of the Merger, ABF and Hovis will be brought under common ownership and control within the meaning of section 26 of the Act.

3.11 Our provisional conclusion is therefore that the Merger will, if carried into effect, result in two or more enterprises (namely ABF and Hovis) ceasing to be distinct.

The turnover test

3.12 The second element of the jurisdictional test seeks to establish sufficient connection with the UK, on the basis of one of the turnover test,⁶⁸ the share of supply test⁶⁹ or the hybrid test.⁷⁰

3.13 The turnover test is satisfied where the value of the turnover in the UK of the enterprise being taken over exceeds £100 million (section 23(1)(b) of the Act). As noted above, Hovis's turnover in the UK was £435.9 million in FY2024.⁷¹ We are therefore satisfied that the turnover test is met. As we have provisionally

⁶² FMN, paragraph 24.22.

⁶³ FMN, paragraph 3.2.

⁶⁴ FMN, paragraph 13.

⁶⁵ FMN, paragraph 6.4; and [Hovis Group Limited Annual Report and financial statements](#) (financial year ended 28 September 2024), page 32 (last accessed on 24 March 2026). Hovis has also confirmed to the CMA that according to its unaudited annual accounts for the financial year ending on 27 September 2025, its turnover was £[redacted] million in the UK (Hovis submission to the CMA, 27 February 2026).

⁶⁶ Section 26 of the Act.

⁶⁷ FMN, paragraphs 2.1 and 5.1; and Annex 0012 to the FMN dated 18 December 2025, '[redacted]', clause 2.1.

⁶⁸ Section 23(1) of the Act.

⁶⁹ Sections 23(2)-23(4) of the Act.

⁷⁰ Sections 23(4C)-23(4G) of the Act.

⁷¹ FMN, paragraph 6.4; and [Hovis Group Limited Annual Report and financial statements](#) (financial year ended 28 September 2024), page 32 (last accessed on 24 March 2026). Hovis has also confirmed to the CMA that according to its unaudited annual accounts for the financial year ending on 27 September 2025, its turnover was £[redacted] million in the UK (Hovis submission to the CMA, 27 February 2026).

concluded that the turnover test is met, there is no need to consider the share of supply test or the hybrid test.

Conclusion on the relevant merger situation

- 3.14 In view of the above, we have provisionally found that arrangements are in progress or contemplation which, if carried into effect, will result in the creation of an RMS.

4. NATURE OF COMPETITION

- 4.1 As set out in the Summary we have provisionally found that the Merger may not be expected to result in an SLC in GB.⁷² This chapter therefore focuses on how competition for the supply of plant bread and morning goods in NI works and relies on evidence from third parties that are active in NI unless otherwise stated.
- 4.2 This chapter sets out background information about the supply of plant bread and morning goods (referred to as **plant bakery products**)⁷³ in NI by the Parties and their competitors, including our assessment of the nature of competition between them. In this chapter, we consider:
- (a) Customer types;
 - (b) Parameters of competition, including the importance of plant bread and supply chain resilience;
 - (c) The value chain, including the importance of branded and private label offerings;
 - (d) Distribution of plant bakery products;
 - (e) Procurement of plant bakery products by grocery multiples (**GMs**); and
 - (f) Procurement of plant bakery products by convenience customers.

Customer types

- 4.3 This section sets out the different types of customers that procure plant bakery products in NI and the proportion of the Parties' revenues that each account for. We note that the proportions of the Parties' revenues do not add up to 100% as a small amount of each of the Parties' revenues could not be assigned to a particular sales channel due to missing information and we have therefore excluded this from our analysis.⁷⁴ We have gathered and assessed evidence from all types of customers as part of the competitive assessment (see Chapter 7).
- 4.4 In relation to plant bread in NI in 2025:
- (a) GMs accounted for [40-50]% of AB's revenues and [50-60]% of Hovis's.

⁷² Absent the Merger, we consider it likely that ABF would exit the GB markets for the supply of plant bread and morning goods, and there would not have been an alternative purchaser for ABF's GB bakery assets that would continue to use them to supply these products in competition with Hovis.

⁷³ We have drawn distinction between plant bread and individual morning goods where relevant.

⁷⁴ AB submitted that around [0-5]% of its overall revenues was not able to be assigned to a sales channel due to missing information (ABF's response to the CMA's s109 notice dated 16 January 2026, question 22). Similarly, Hovis classified [0-5]% of its overall revenues as 'others' (Hovis' response to the CMA's s109 notice dated 16 January 2026, question 22).

- (b) Convenience store customers accounted for [40-50]% of AB's revenues and [30-40]% of Hovis's.⁷⁵
- (c) Foodservice customers accounted for a much smaller proportion of the Parties' revenues, namely, [0-5]% for AB and [0-5]% for Hovis.⁷⁶

4.5 In relation to morning goods in NI in 2025:

- (a) For pancakes:
 - (i) GMs accounted for [30-40]% of AB's revenues and [50-60]% of Hovis's.
 - (ii) Convenience store customers accounted for [60-70]% of AB's revenues and [20-30]% of Hovis's.
 - (iii) Foodservice customers accounted for [0-5]% of AB's revenues and [20-30]% of Hovis's.
- (b) For soda farls:
 - (i) GMs accounted for [50-60]% of AB's revenues and [40-50]% of Hovis's.
 - (ii) Convenience store customers accounted for [40-50]% of AB's revenues and [40-50]% of Hovis's.
 - (iii) Foodservice customers accounted for [0-5]% of AB's revenues and [10-20]% of Hovis's.
- (c) For potato farls:
 - (i) GMs accounted for [50-60]% of AB's revenues and [30-40]% of Hovis's.
 - (ii) Convenience store customers accounted for [40-50]% of AB's revenues and [30-40]% of Hovis's.
 - (iii) Foodservice customers accounted for [0-5]% of AB's revenues and [20-30]% of Hovis's.

4.6 We consider that there are broad similarities in relation to how competition takes place for each customer type. However, there are also some important differences in relation to (i) the procurement strategies of different customer types for plant bakery products, (ii) GMs and convenience store customers' preferred distribution models and (iii) the composition of branded and private label products that GMs

⁷⁵ We note that convenience customers includes both retailers and wholesalers.

⁷⁶ Food service customers refer to customers that provide fresh catering and manufacture pre-packaged food items such as sandwiches.

and convenience customers stock and consequently their relative reliance on branded products. We consider each of these in further detail below.

Parameters of competition

- 4.7 This section considers the relevant parameters of competition between ABF, Hovis and their competitors in the supply of plant bakery products in NI. We have drawn on evidence received from customers in relation to the parameters of competition across the UK.⁷⁷ Given the broad consistency of the responses (including some customers that are only present in NI and some customers that are only present in GB), we consider that there are no material differences in the parameters between GB and NI and that this evidence is therefore representative of customers in NI. Notwithstanding that we consider there are no material differences in the parameters of competition, we note that, as discussed further below, (i) end-consumers tend to be more brand loyal in NI than in GB and (ii) a van sales distribution model exists in NI and not in GB.
- 4.8 We received evidence from customers that, with respect to choosing a supplier of plant bread in the UK, competition takes place across several aspects of suppliers' offerings including price, quality, track record, scale, product range, ability to offer direct to store (**DTS**) distribution, pre-existing supplier relationships and the ability to supply GB and NI for customers that operate in both GB and NI (see Appendix C for further details):⁷⁸
- (a) **Price and quality** - all customers indicated that price and quality are either important or very important factors.⁷⁹
 - (b) **Track record, scale and product range** – almost all customers also indicated that track record,⁸⁰ scale,⁸¹ and product range of plant bread and other non-bread bakery goods such as morning goods, plant rolls and in-store bakeries (**ISBs**),⁸² are either important or very important factors.

⁷⁷ We asked this question in relation to the UK as a whole, rather than separately for GB and NI and therefore have reported all responses that we received which includes some customers that are not active in NI.

⁷⁸ We asked this question in relation to the UK as a whole, rather than separately for GB and NI and therefore have reported all responses that we received which includes some customers that are not active in NI. Given the broad consistency of the responses (including some customers that are only present in NI and some customers that are only present in GB we do not consider there are any material differences between GB and NI).

⁷⁹ Third-party responses to the CMA questionnaire dated 19 November 2025; and Third-party responses to the CMA questionnaire dated 23 January 2026.

⁸⁰ Third-party responses to the CMA questionnaire dated 19 November 2025; and Third-party responses to the CMA questionnaire dated 23 January 2026.

⁸¹ Third-party responses to the CMA questionnaire dated 19 November 2025; and Third-party responses to the CMA questionnaire dated 23 January 2026.

⁸² Third-party responses to the CMA questionnaire dated 19 November 2025; and Third-party responses to the CMA questionnaire dated 23 January 2026.

- (c) **DTS delivery and pre-existing supplier relationships** – a majority of customers indicated that the ability to offer DTS delivery⁸³ and having pre-existing supplier relationships⁸⁴ are either important or very important factors.
- (d) **Ability to supply GB and NI** – of those customers that have operations across both GB and NI, just over half indicated that the ability to supply both GB and NI is either an important or very important factor.⁸⁵

4.9 We further note that a majority of customers indicated that there is no difference in the importance of factors when choosing a supplier of morning goods than when choosing a supplier of plant bread.⁸⁶ We therefore consider that the above factors similarly apply to morning goods.

Importance of the product and supply chain resilience

4.10 In addition to the parameters of competition mentioned above we have also received evidence from customers that supply chain resilience is very important to them. We note that plant bread is a staple product in the UK, with the Parties submitting that 92% of all households purchase plant bread,⁸⁷ and it is important for retailers to be able to offer value options to end consumers. Some customers told us that they achieve supply chain resilience by procuring products from multiple suppliers. Another customer suggested that consolidation may be needed to ensure resilience, given the financial difficulties facing plant bread suppliers. Specifically:

- (a) One customer noted that it has some concern regarding over-reliance on the Merged Entity. Currently, if the customer has disruptions with one of the Parties it can use the other.⁸⁸
- (b) Another customer explained that it tends to have one or two different suppliers across key products (including plant bread) as a contingency measure as this can help with the supply base if there are problems with an individual supplier.⁸⁹
- (c) A third customer said that a major supply risk would arise if AB or Hovis entered administration. While the market is in decline, bread remains one of the most affordable staples for UK households. If either supplier were to

⁸³ Third-party responses to the CMA questionnaire dated 19 November 2025; and Third-party responses to the CMA questionnaire dated 23 January 2026.

⁸⁴ Third-party responses to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026.

⁸⁵ Third-party responses to the CMA questionnaire dated 19 November 2025.

⁸⁶ Third-party responses to the CMA questionnaire dated 19 November 2025; Third-party response to phase 1 clarification questions dated 23 January 2026; and Third-party response to the CMA questionnaire dated 23 January 2026.

⁸⁷ FMN, paragraph 23.3.

⁸⁸ Third-party call note.

⁸⁹ Third-party call note.

collapse, and no suitable buyer emerged during administration, there would not be enough capacity in the market to meet national demand.⁹⁰ This customer said that a controlled, managed decline is its preferred outcome. A strategic approach, such as a merger or consolidation, rather than an uncontrolled market exit, would help maintain stability and protect UK food security for customers.⁹¹

The value chain

- 4.11 This section sets out the value chain for plant bakery products.
- 4.12 The Parties overlap in the manufacturing and distribution (ie the supply) of both branded and private label plant bakery products in NI. We recognise that competition at this level is partly linked to the competitive dynamics at the retail level.⁹² In particular, we have received evidence that customers' decisions on which suppliers' products to stock (and the corresponding volumes) are at least partly informed by end consumer preferences and most customers identified sales as an important or very important factor when allocating shelf space between branded and private label plant bread in NI.⁹³ Consequently, we have considered evidence on customers' perceptions of end-consumer preferences – in particular we asked customers about the effectiveness of different alternatives from the end-consumer's perspective.
- 4.13 However, we have also taken account of other factors which impact on the decisions of wholesalers and retailers on what products to stock. Wholesalers and retailers have a different range of options available to them than end-consumers and therefore there are different conditions of competition at these two levels of the distribution chain. For example, one customer said that store range covers a mix of different segments, brands, quality and price points to ensure that end consumer missions are fulfilled in every plan size and store.⁹⁴ Another customer told us that it reviews market data and ranking lists and considers what its competitors are doing to make sure that it offers the correct assortment of products to end-consumers.⁹⁵ Additionally, we note that not all suppliers offer both branded and private label products⁹⁶ and that competition between branded and

⁹⁰ Third-party call note.

⁹¹ Third-party call note.

⁹² We further note that this is consistent with the CMA's approach to mergers where the overlap is at the manufacturing layer. For example, see paragraph 39 of the CMA's '[Decision on relevant merger situation and substantial lessening of competition](#)' dated 27 October 2025 (last accessed on 24 March 2026), on the anticipated acquisition by Greencore Group plc of Bakkavor Group plc.

⁹³ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹⁵ Third-party call note.

⁹⁶ In particular, three competitors ([REDACTED], [REDACTED] and [REDACTED]) in NI do not offer private label products and another competitor has told us that it has shifted away from private label because it was hard to control profitability (Third-party call note). One competitor told us that that ROI based manufacturers ([REDACTED] and [REDACTED]) do not compete in the private label segment because retailers tend to favour local production for their private label brand (Third-party call note). Two competitors told

private label products at the retail level is complex. In addition, some factors (such as a supplier’s distribution network and range of product offering) that customers consider as important factors are determined at the wholesale level.

Importance of branded and private label offerings in NI

4.14 This section sets out the relative importance of branded and private label offerings in NI and the key factors driving this.⁹⁷

4.15 The Parties submitted that (i) private label plant bread in NI is much less prevalent than in GB (c.12% compared to over 40% in GB) and (ii) other suppliers compete less for private label plant bread and instead focus on their branded offerings due to the lower volumes of private label plant bread tendered in NI (partly driven by end-consumers in NI being brand loyal), and the lower profits that can be obtained on private label plant bread compared to branded plant bread.⁹⁸

4.16 Table 4.1 shows the proportion (by volume) of plant bread, pancakes, potato farls and soda farls, that private label and branded products accounted for in NI in 2025. Table 4.1 shows that branded products accounted for over [70-80]% of each product.

Table 4.1: Volumes of plant bakery products in NI (wholesale) split by branded and private label

Product	(%)		
	Branded	Private label	Total
Plant bread	[80-90]	[10-20]	100
Pancakes	[70-80]	[20-30]	100
Potato farls	[80-90]	[10-20]	100
Soda farls	[80-90]	[10-20]	100

Source: CMA estimates based on volume data from the Parties and third parties.

4.17 We note that suppliers in NI operate under multiple brand names. For example:

- (a) AB operates brands including Kingsmill, Allinsons and Sunblest;
- (b) Hovis operates brands including Ormo and Hovis; and
- (c) Gallaghers operates brands including Pat the Baker and Irish Pride.

4.18 Evidence from third parties indicates that the key factors driving the prominence of branded products in NI are:

us that their decision to not manufacture private label products is a strategic choice (Third-party call note; and Third-party call note).

⁹⁷ As shown in Table 4.1, branded plant bread accounted for [80-90]% of plant bread volumes in NI in 2025. In comparison, branded plant bread accounted for [50-60]% in GB in 2025.

⁹⁸ Parties’ response to the CMA’s RFI, dated 14 January 2026, paragraphs 9.1 and 9.3.

- (a) End consumers in NI are brand loyal, particularly towards established brands in NI which can act as a barrier for suppliers of private label products and for ROI based suppliers attempting to expand into NI. Specifically:
- (i) One customer explained that in relation to morning goods in NI, there is brand loyalty for AB's Sunblest. If this customer were to remove AB's Sunblest products from its range, customers would likely switch to another retailer to buy this product.⁹⁹
 - (ii) A second customer said that brand loyalty is an important consideration when selecting plant bread and morning goods suppliers. This customer further said that the market is largely branded and that is what consumers have grown up with, specifically, they have brand equity with brands such as Ormo, Sunblest, Kingsmill and Hovis. This customer further said that the Warburtons brand does not resonate with NI customers.¹⁰⁰
 - (iii) Another customer explained that traditionally there was little movement of plant bread between the ROI and NI, with different private label suppliers and different brands existing in each region. Brands remain largely unique in each region as customers are heavily brand loyal.¹⁰¹
 - (iv) A further customer stated that (i) there is no customer demand for ROI suppliers in NI and (ii) Warburtons may expand into NI, but it is uncertain whether the brand will resonate with Northern Irish shoppers. Early indications suggest limited brand cut-through in that market.¹⁰²
 - (v) One competitor explained that the success of ROI brands tends to depend on their proximity to the border. Customers tend to favour local brands to better connect with their end-consumers and reinforce the perception that they are supporting the local economy.¹⁰³
 - (vi) Another competitor explained that it does not consider itself to be competing with AB and Hovis in the supply of pancakes where the Parties are established players. In particular, for pancakes and certain types of plant bread such as white bread, the NI market is very saturated, and it is difficult for customers to justify stocking new brands. Consequently, this competitor's strategy is to explore areas where it

⁹⁹ Third-party call note.

¹⁰⁰ Third-party call note.

¹⁰¹ Third-party call note.

¹⁰² Third-party call note.

¹⁰³ Third-party call note.

considers there to be market opportunity without pre-existing products so that it can establish brand equity.¹⁰⁴

- (b) In line with end consumers in NI being brand loyal, GMs that are active in both GB and NI generally stock lower proportions of private label plant bread in NI stores compared to GB stores;¹⁰⁵ and convenience customers, which account for 42% of the plant bread market in NI, predominantly stock branded products.¹⁰⁶
- (c) In line with the Parties' submissions that private label plant bread is less profitable in NI than branded products, one competitor indicated that five years ago private label products made up [X]% of its business but it has now shifted away from private label products because it was difficult to control profitability.¹⁰⁷
- (d) Further, one competitor noted that retail prices in NI are generally lower than in ROI and that this is driven by competitive pricing from Hovis and AB.¹⁰⁸

4.19 We therefore consider that competition to supply plant bakery products in NI mainly takes place via branded products given the strong preference for branded products by end-consumers in NI.

Distribution of plant bakery products in NI

4.20 This section considers the importance of direct to store delivery models that are prevalent in NI namely (i) DTS delivery and (ii) the van sales distribution model and the extent to which suppliers in NI can supply plant bakery products using each of these distribution models.

4.21 We currently consider that, in NI, third parties often refer to both (i) DTS delivery and (ii) the van sales distribution model as direct to store delivery models.¹⁰⁹ The key difference between the models is that the van sales distribution model involves the supplier having responsibility for (i) the delivery of the product to the customers' stores and (ii) the commercial store management (ie placing products on shelves and clearing unsold/expired stock) whereas DTS delivery involves the

¹⁰⁴ Third-party call note.

¹⁰⁵ Two customers stock marginally lower proportions of private label plant bread in NI stores relative to GB stores (Third-party responses to the CMA's questionnaire dated 23 January 2026). One customer stocks moderately lower proportions of private label plant bread in NI stores relative to GB stores. Third-party response to the CMA's questionnaire dated 23 January 2026). One customer does not supply private label plant bread in NI (Third-party response to the CMA's questionnaire dated 23 January 2026).

¹⁰⁶ FMN, paragraph 14.119; and Parties' response to the CMA's RFI, dated 14 January 2026, question 9.

¹⁰⁷ Third-party call note.

¹⁰⁸ Third-party call note.

¹⁰⁹ Throughout this chapter we use this terminology as far as possible, but these terms are not used consistently by third parties, with some third parties for example using DTS to mean both types of delivery model. For example, one customer submitted that it procures 100% of its products via the van sales distribution model but also noted that a suppliers' ability to offer DTS delivery is very important as DTS delivery is its only current route to market (Third-party response to the CMA's questionnaire dated 23 January 2026).

supplier solely delivering the products to the customers' stores with the customer then taking over responsibility for shelving and clearing unsold products. We understand that DTS delivery is primarily required by GMs whilst the van sales distribution model is often required by convenience customers. For example:

- (a) One competitor explained that it operates a 100% direct to store delivery model and this is non-negotiable since freshness and quality are critical to its brand promise. This competitor further explained that it uses a direct-to-shelf delivery model (ie the van sales distribution model) which is particularly prevalent in the convenience sector but that this model is not used for Tesco's stores.¹¹⁰
- (b) One competitor said that from a practical point of view, plant bread and morning goods are delivered to stores in the same baskets and at the same time. The practicalities of the delivery also depend on the size of the store and the delivery. Large supermarkets would be supplied by 40-foot trucks, whereas small convenience stores by a small van.¹¹¹

4.22 In line with different direct to store distribution methods required by different types of customers, the Parties submitted that GMs (in particular Tesco, Sainsbury's, Asda and Co-op) require plant bread to be delivered using DTS delivery, six to seven times per week across their stores in GB and NI.^{112,113} AB and Hovis therefore operate distribution networks across the whole of GB and NI. The Parties further submitted that operating a DTS network can be challenging since:

- (a) Scale is an important factor. If lower volumes are distributed this generally does not affect the distances that must be travelled, and instead results in the same number of (smaller) deliveries being made;¹¹⁴ and
- (b) many stores are subject to strict delivery windows (whether as a result of customer requirements or planning/licensing conditions for inner city stores). In practice, this means that the volume of bread that can be delivered on any given delivery route is primarily limited not by the number of loaves that can be carried, but by the time windows for delivery and the time it takes to drive between locations. This further reduces efficiency/scale of a distributor's operations, as it means that efficiencies cannot easily be obtained by

¹¹⁰ Third-party call note.

¹¹¹ Third-party call note.

¹¹² Daily deliveries are (i) needed to preserve the freshness of plant bread and (ii) are generally unusual for most grocery products that are supplied via regional distribution centres (RDCs). FMN, paragraphs 17 and 10.43.5.

¹¹³ We note that one customer stated that potato farls and soda farls also need to be delivered DTS to ensure freshness (Third-party call note). We therefore consider that the submissions made by the Parties regarding the need for DTS to ensure freshness of the products applies to plant bread, potato farls and soda farls.

¹¹⁴ FMN, paragraph 10.44.1.

reducing routes and running larger lorries; instead, lorries are often not physically full, resulting in higher per unit delivery costs.¹¹⁵

- 4.23 The Parties further submitted that the Island of Ireland operates a unique van sales distribution model. This model is facilitated by the prevalence of consumer reliance on convenience stores in NI. Under this model, van drivers (who may be employed by the relevant baker or self-employed) distribute bread to convenience stores on a 'sale or return' basis. The van driver is responsible for monitoring inventory of the baker's products on a daily basis and anticipating demand. The baker will also accept returns of unsold/expired products. This van sales model allows smaller regional bakeries to effectively compete in local markets, forming their own direct relationships with local convenience store operators in their home and neighbouring communities.¹¹⁶
- 4.24 As set out in detail in Appendix C, almost all customers in NI have 100% of their plant bakery products delivered directly to store (either through DTS delivery or the van sales distribution model).¹¹⁷ Further, we also asked customers to rate how important the ability of a supplier to offer direct to store is when selecting a supplier of soda farls, potato farls and pancakes in NI and three quarters of customers indicated that it is an important or very important factor highlighting that direct to store is important due to the short shelf life of these products and their desire to sell fresh products.¹¹⁸
- 4.25 Evidence from third parties indicates that both the Parties and their main competitors (namely, Brennans, Irwin's and Gallaghers) can supply all types of customers (including those that require DTS delivery and those that require the van sales distribution model) in NI. In particular:
- (a) Evidence from the procurement activities of GMs that require DTS distribution in NI shows that these customers are procuring some of their volumes of plant bread from Irwin's, Brennans and Gallaghers indicating that these suppliers have capabilities to distribute plant bread using the DTS delivery model.¹¹⁹
 - (b) In line with this, both Brennans and Irwin's have told us that they supply customers using both DTS delivery and the van sales distribution model.¹²⁰
 - (c) While some suppliers including the Parties own their own delivery fleets, other suppliers use self-employed van drivers to distribute their plant bakery products. One competitor and one customer submitted that there is no

¹¹⁵ FMN, paragraph 10.44.2.

¹¹⁶ FMN, paragraph 12.27.6.1.

¹¹⁷ Third-party responses to the CMA's questionnaire dated 23 January 2026; and Third-party call note.

¹¹⁸ Third-party responses to CMA questionnaire dated 23 January 2026.

¹¹⁹ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹²⁰ Third-party call note; and Third-party call note.

distinct competitive advantage to owning your own fleet versus using self-employed van drivers.¹²¹ The competitor also said that it uses a mix of self-employed and employed drivers to deliver products to NI stores and suggested that Brennans does the same.¹²²

4.26 Overall, based on the evidence considered above, we are of the current view that all of the main suppliers¹²³ are able to deliver products directly to store (either through a DTS delivery model or through a van sales distribution model). Even if a supplier does not own its own fleet, it is able to use self-employed van drivers as an effective substitute. However, we note that we have received some evidence from third parties that indicates that some suppliers have more limited distribution coverage than the Parties which we have assessed in Chapter 7.

Procurement of plant bread and morning goods by GMs

4.27 This section sets out the procurement strategy followed by GMs in relation to plant bakery products.

4.28 We received evidence from third parties that GMs in NI tend to use UK wide planograms that cover: shelf allocations, number of SKUs to offer, product groupings and choice of suppliers for branded and private label. These national planograms are then adapted to NI to make space for local brands.¹²⁴ We note that NI is generally a small part of a GM's overall business, for example, Co-op has 2,300 stores in GB compared to 26 stores in NI.¹²⁵ In practice, this implies that procurement decisions are generally made based on GB considerations. While the majority of volumes supplied in NI are manufactured in NI, suppliers with a presence in both GB and NI may be at an advantage.¹²⁶ Specifically:

- (a) One competitor said that GMs are organised using national planograms, leaving local producers (like itself) at a disadvantage. This competitor finds that often its shelf space gets automatically reduced at the expense of other GB producers, and that it then needs to enter into conversations with specific retailers to show them that the allocated shelf-space does not reflect local preferences.¹²⁷
- (b) Another competitor said that Irish-based suppliers face challenges trading with UK GMs, as these retailers have head offices in GB and apply national

¹²¹ Third-party call note; and Third-party call note.

¹²² Third-party call note.

¹²³ AB, Hovis, Irwin's, Brennans and Gallaghers.

¹²⁴ Third-party call note.

¹²⁵ Similarly, Sainsbury's and Asda have 12 and 13 stores in NI respectively.

¹²⁶ We understand that occasionally products are imported from GB.

¹²⁷ Third-party call note.

planograms to NI. This approach often overlooks local preferences, treating stores in Belfast the same as those in Glasgow or Birmingham.¹²⁸

- (c) Over half of customers with a presence in both GB and NI said that the ability of a supplier to supply both GB and NI was an important or a very important factor when choosing a supplier for plant bakery products.¹²⁹ Specifically, one customer submitted that it is important that it has the same private label supplier in both GB and NI, as from an efficiency standpoint it is more viable for the same supplier to provide its total volume required.¹³⁰
- (d) Several GMs indicated that they procure a very small proportion of plant bakery products from GB based suppliers such as FLB, Warburtons, Geary's, Jacksons and Roberts and these products are then imported and supplied to customers in NI.¹³¹ One customer said that it could not split volumes between GB and NI since NI was a very small part of its overall business.¹³²

4.29 Based on the evidence considered above, our current view is that the prevalence of UK wide planograms that are used by GMs tends to favour suppliers with a presence in both GB and NI and therefore acts as a barrier to entry and/or expansion for ROI and NI based suppliers that are not present in GB. We have taken into account the procurement strategy followed by GMs in our competitive assessment.

Procurement of plant bread and morning goods by convenience customers

4.30 This section sets out the procurement strategy followed by convenience customers in relation to plant bakery products.

4.31 We received evidence from third parties that convenience customers typically follow a different procurement strategy to GMs. Specifically, convenience customers may flex the products they offer end consumers at the individual store level, with some volumes accounted for by local bakeries:

- (a) One customer said that it follows a centralised billing model for plant bakery products. Under this model, the customer agrees commercial terms with suppliers at the wholesale level. Individual retailers (ie individual stores) then purchase products from the wholesaler. However, individual stores also have autonomy to purchase locally with around 5% of the products being purchased locally at the store level. Such local procurement is important to

¹²⁸ Third-party call note.

¹²⁹ Third-party responses to the CMA's questionnaire dated 19 November 2025.

¹³⁰ Third-party response to the CMA's questionnaire dated 19 November 2025.

¹³¹ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹³² Third-party response to the CMA's questionnaire dated 23 January 2026.

differentiate offerings from GMs that tend to have a more standardised range.¹³³

- (b) Another customer said that local bakeries compete with AB and Hovis in NI, but only to a small extent due to lack of distribution capabilities and competitive pricing. Usually, local bakeries can distribute plant bakery products within a 20–30-mile radius and generally cannot supply products six days a week. Further smaller bakeries are also not typically considered viable private label- alternative suppliers unless they hold Brand Reputation through Compliance Global Standards (**BRCGS**) accreditation.¹³⁴

4.32 Based on the evidence considered above, we consider that local bakeries can compete with larger suppliers to win business in individual stores in their local areas. However, a majority of the volumes supplied via individual stores is procured centrally. As such, local suppliers are not a full-scale alternative to the larger regional and NI wide suppliers.

¹³³ Third-party call note.

¹³⁴ Third-party call note.

5. MARKET DEFINITION

- 5.1 As set out in the Summary, we consider that absent the Merger ABF would likely close the AB business, and there would not have been an alternative purchaser for AB's GB bakery assets that would continue to use them to supply bakery products in competition with Hovis. As a result, we have provisionally found that the Merger may not be expected to result in an SLC in GB.
- 5.2 However, we have provisionally found that AB's NI business would likely be acquired and operated by an alternative purchaser, leading to conditions of competition broadly in line with the prevailing conditions in NI.
- 5.3 Therefore, for the purposes of defining the relevant markets in which to assess the impact of the Merger, we have focused on the overlaps between the Parties in NI: in plant bread, pancakes, soda farls and potato farls. This includes focusing on NI-specific evidence, unless otherwise stated.

Framework

- 5.4 Where the CMA makes an SLC finding, this must be 'within any market or markets in the United Kingdom for goods or services'.¹³⁵ An SLC can affect the whole or part of a market or markets.¹³⁶
- 5.5 Market definition provides a framework for assessing the competitive effects of a merger. The assessment of the relevant market is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise.¹³⁷ The outcome of any market definition exercise does not determine the outcome of the CMA's analysis of the competitive effects of the merger in any mechanistic way. In assessing whether a merger may give rise to an SLC, the CMA may take into account constraints outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others.¹³⁸
- 5.6 There is often no 'bright line' that can or should be drawn in market definition and the CMA will generally not need to come to finely balanced judgements on what is 'inside' or 'outside' the market. Not every firm 'in' a market will be equal and the CMA will assess how closely two merger firms compete. The constraint posed by firms 'outside' the market will also be carefully considered.¹³⁹ We will take these factors into account in the competitive assessment.

¹³⁵ Section [36\(1\)\(b\)](#) of the Act. See also [CMA129](#), paragraph 9.1.

¹³⁶ [CMA129](#), paragraph 9.1.

¹³⁷ [CMA129](#), paragraph 9.1.

¹³⁸ [CMA129](#), paragraph 9.4.

¹³⁹ [CMA129](#), paragraph 9.4.

- 5.7 Product market definition starts with the relevant products of the merger firms. In identifying what other significant competitive alternatives should be included in the relevant market, the CMA will pay particular regard to demand-side factors (the behaviour of customers). The CMA may also consider supply-side factors.¹⁴⁰ Similarly, defining the geographic market involves identifying the most important competitive alternatives to the merger firms and typically focuses on demand-side factors.¹⁴¹

The supply of plant bread

Product market definition: supply of plant bread

- 5.8 In this section, we first outline the Parties' submissions on product market definition. We then consider:
- (a) whether different types of traditional plant bread (ie white, healthier white, wholemeal/brown and seeded) are in the same product market or constitute distinct product markets.
 - (b) whether sourdough bread is in the same product market as traditional plant bread.
 - (c) whether private label and branded versions of plant bread are in the same product market or constitute distinct product markets.
 - (d) whether the market should be segmented by customer type(s).

Parties' submissions

- 5.9 The Parties submitted that the most appropriate product frame of reference is the manufacture and supply of all plant bread, including private label and branded, and irrespective of bread type and sales channel.¹⁴²
- 5.10 **Types of bread.** The Parties submitted that Nielsen¹⁴³ identifies sub-segments of plant bread, including white plant bread, wholemeal/brown plant bread, healthier white plant bread, and seeded plant bread.¹⁴⁴ The Parties submitted that while consumers may have a preference for a particular sub-segment, there is a high degree of supply-side substitutability.¹⁴⁵ The Parties further submitted that: (i) the Parties and their major competitors produce a range of products across plant

¹⁴⁰ [CMA129](#), paragraph 9.6.

¹⁴¹ [CMA129](#), paragraph 9.13.

¹⁴² FMN, paragraphs 12.1-12.3.

¹⁴³ Nielsen is a consumer intelligence company. See: [About us - The Full View - NIQ](#) (last accessed on 24 March 2026).

¹⁴⁴ FMN, paragraphs 12.11-12.12. There is also an 'others' category including sourdough and diet products (Parties' response to the CMA's RFI dated 14 January 2026, paragraph 2.1).

¹⁴⁵ FMN, paragraphs 12.17.

bread sub-segments;¹⁴⁶ (ii) all sub-segments are produced in the same bakeries interchangeably using the same bread production lines (with limited adaptations required for certain products) and largely the same manufacturing processes; and (iii) bread is manufactured on a batch-by-batch basis and as a result manufacturing lines typically switch between different product lines on a regular basis.¹⁴⁷

- 5.11 The Parties submitted that sourdough does not constitute a separate product market from other plant bread products and instead is perceived as a premium product in the same market. The Parties also submitted that there is clear evidence of demand-side substitutability due to: (i) considerable evidence of consumer switching between traditional plant bread products and sourdough; (ii) the Grocery Multiples (**GMs**) choosing to stock sourdough and traditional plant bread together, increasing volumes of sourdough at the expense of other plant breads as demand has increased (with Gallaghers in NI being a beneficiary of increased shelf space allocation for sourdough); and (iii) similarities in terms of physical appearance as well as nutritional and flavour profiles.¹⁴⁸
- 5.12 At the same time, the Parties acknowledged that sourdough is made by a different production process, the 'levain' process, which is a slower process based on using starter dough, compared to the 'Chorleywood' process used to make plant bread, which uses commercial fast acting yeast.¹⁴⁹ As a result, to produce sourdough on an industrial scale, significant capital investment in new production equipment is required.¹⁵⁰ The Parties noted that in view of consumer interest in sourdough, some manufacturers seek to produce 'sourdough style' loaves on a larger, more industrial scale, and the extent to which they rely on sourdough starter and/or fast acting yeast can vary.¹⁵¹
- 5.13 While the Parties made some of these submissions in the context of GB, the Parties submitted that the relevant factors discussed in relation to the supply of plant bread in GB similarly apply in the island of Ireland (including NI). In addition, the Parties submitted that in both GB and the island of Ireland the relevant market is all plant bread across all channels.¹⁵²
- 5.14 **Private and branded plant bread.** The Parties submitted that branded and private label plant bread are close demand-side substitutes. The Parties submitted

¹⁴⁶ The Parties noted that a number of competitors do not manufacture 'healthier white' products, although would have the technical capacity to (Parties' response to the CMA's RFI dated 14 January 2026, paragraph 2.3.5).

¹⁴⁷ FMN, paragraphs 12.17-12.19; and Parties' response to the CMA's RFI dated 14 January 2026, question 2.

¹⁴⁸ Parties' response to the CMA's RFI dated 14 January 2026, question 3; and ABF's response to the CMA's s109 notice dated 16 January 2026, question 24. The Parties did not complete specific NI work on demand-side substitution but consider it reasonable to assume the position in NI is similar to GB.

¹⁴⁹ FMN, paragraphs 12.13-12.15.

¹⁵⁰ ABF's response to the CMA's s109 notice dated 16 January 2026, paragraph 24.8.

¹⁵¹ FMN, paragraph 12.16.

¹⁵² FMN, paragraphs 12.26.

the following points in the context of GB, but as outlined above submitted that the same factors apply equally to the island of Ireland (including NI):¹⁵³

- (a) GMs stock both types of product, and adjust shelf space and product placement of the two frequently.
- (b) GMs have recognised the increasing demand for private label products and have prioritised forming long-term relationships with private label suppliers, including introducing products which mimic the offerings of branded plant bread, across product sub-segments.
- (c) The CMA's 2023 Groceries Price Inflation Report found evidence that consumers switch from branded to private label products.
- (d) Nielsen Brand Interaction Data shows that for the 12 months prior to 22 March 2025, private label had the highest penetration of households, and most customers of branded bread also bought private label bread.
- (e) In the CMA's ABF/Dorset Cereals merger decision, the CMA concluded that private label and branded muesli and granola form part of the same product market. The same factors relevant in that case also apply to plant bread, in terms of limited product differentiation.

5.15 The Parties also submitted that there is a high degree of supply-side substitution as both types of products can be manufactured on the same production line, using the same core ingredients and lines can be switched between different products in less than an hour.¹⁵⁴

5.16 **Customer channel.** The Parties submitted that there is no basis to segment the plant bread market in GB, such as between sales through GMs and sales through convenience stores (that typically procure products through wholesalers and dairies), given the similarity in products across channels and that most of the Parties' plant bread products are sold just through the GMs.¹⁵⁵ While the convenience channel is more prevalent in NI, when discussing whether there are any differences more generally across the relevant markets in GB and the Island of Ireland (including NI), the Parties submitted that the markets in the Island of Ireland should be the same, and should therefore include all channels.¹⁵⁶

¹⁵³ FMN, paragraphs 12.6-12.8 and 12.26; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 5.1.1.

¹⁵⁴ FMN, paragraph 12.9; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 5.1.6.

¹⁵⁵ FMN, paragraphs 12.21-12.22.

¹⁵⁶ FMN, paragraph 12.26.

Our assessment

Traditional plant bread

- 5.17 When referring to traditional plant bread this includes the categories (i) white; (ii) wholemeal/brown; (iii) healthier white (also referred to as 'blend'); and (iv) seeded set out above. We have considered sourdough products separately below.
- 5.18 We have considered whether different types of traditional plant bread are in the same product market or constitute distinct product markets.

Demand-side substitutability

- 5.19 We have considered the extent to which different types of traditional plant bread may be demand-side substitutes at the retail level (ie when competing for end consumers). In particular, customers and competitors provided evidence on the extent to which different types of traditional plant bread were considered as effective alternatives to each other by end consumers.
- 5.20 Evidence from customers indicates that some types of traditional plant bread are considered effective alternatives to one another at the retail level, but the extent of substitutability varies depending on the specific type of plant bread. In particular, customer evidence indicates there is a spectrum of substitutability between different types of plant bread, with each representing an effective alternative for one or two other types.¹⁵⁷
- (a) Half of customers identified white bread as an effective or a very effective alternative to healthier white bread, with the other half considering it somewhat effective or not at all effective.¹⁵⁸ Conversely, only one customer identified white bread as an effective or very effective alternative to wholemeal bread¹⁵⁹ and no customers identified it as an effective or very effective alternative to seeded bread.
- (b) Over half of customers identified healthier white bread as an effective or a very effective alternative to white bread.¹⁶⁰ Less than half of customers identified healthier white bread as an effective or a very effective alternative

¹⁵⁷ We asked customers the following: please indicate if you consider that end consumers in NI view different types of plant bread (white, healthier white, wholemeal, seeded, sourdough-style, and 'true' sourdough) as alternatives (where 1 is not at all effective, 2 is somewhat effective, 3 is effective and 4 is very effective).

¹⁵⁸ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁵⁹ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁶⁰ Third-party responses to the CMA questionnaire dated 23 January 2026.

to wholemeal bread.¹⁶¹ Conversely, no customers identified healthier white bread as an effective or a very effective alternative to seeded bread.

- (c) Less than half of customers identified wholemeal bread as an effective or a very effective alternative to healthier white bread.¹⁶² In addition, two customers identified wholemeal as an effective or a very effective alternative to white bread¹⁶³ and two customers identified wholemeal as an effective or a very effective alternative to seeded bread.¹⁶⁴
- (d) Less than half of customers identified seeded bread as an effective or a very effective alternative to wholemeal bread.¹⁶⁵ In addition, two customers identified seeded bread as an effective or very effective alternative to healthier white bread¹⁶⁶ and one customer identified it as an effective or very effective alternative to white bread.¹⁶⁷

5.21 Similarly, evidence from the Parties' competitors indicates that only some types of traditional plant bread are viewed as effective alternatives by end consumers at the retail level.¹⁶⁸

- (a) Two competitors identified white bread as an effective or a very effective alternative to healthier white bread.¹⁶⁹ Only one competitor identified white bread as an effective alternative to seeded bread¹⁷⁰ and no competitors identified white bread as an effective alternative to wholemeal bread.
- (b) All competitors identified healthier white bread as an effective or very effective alternative to white and wholemeal bread.¹⁷¹ In addition, two competitors identified healthier white bread as an effective or very effective alternative to seeded bread.¹⁷²
- (c) All competitors identified wholemeal bread as an effective or very effective alternative to healthier white and seeded bread.¹⁷³ However, no competitors identified wholemeal as an effective alternative to white bread.

¹⁶¹ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁶² Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁶³ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁶⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁶⁵ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁶⁶ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁶⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁶⁸ We asked competitors the following: please indicate if you consider that end consumers in NI view different types of plant bread (white, healthier white, wholemeal, seeded, sourdough-style, and 'true' sourdough) as alternatives (where 1 is not at all effective, 2 is somewhat effective, 3 is effective and 4 is very effective).

¹⁶⁹ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁷⁰ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁷¹ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁷² Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁷³ Third-party responses to the CMA questionnaire dated 23 January 2026.

(d) All competitors identified seeded bread as an effective or very effective alternative to wholemeal bread.¹⁷⁴ Only one competitor identified seeded bread as an effective alternative to healthier white bread¹⁷⁵ and no competitors identified seeded bread as an effective alternative to white bread.

5.22 Evidence from both customers and competitors shows that the demand for different types of plant bread at the retail level differs by consumer demographics. In particular, all customers and two competitors¹⁷⁶ said that the demand for types of plant bread differs by end consumer demographics in NI. Respondents identified factors such as socioeconomic background and price. Most customers also indicated that more affluent consumers are more likely to purchase sourdough bread (considered further below).¹⁷⁷

5.23 We have seen limited evidence on how different types of traditional plant bread are categorised by the Parties in their internal documents. However, a series of ABF documents that provide a 'Bakery & Bread Overview' include shares of supply for sliced bread (which we interpret as plant bread overall) and then separate shares for white, wholemeal and brown, healthier white and seeded and malted bread respectively.¹⁷⁸ This could be consistent with both one market or separate markets.

5.24 Based on the above, our provisional view is that there is some evidence that different types of plant bread are demand-side substitutes at the retail level. While not all types of plant bread are equally substitutable for end consumers, there is a spectrum of substitutability between different types of plant bread, with each representing an effective alternative for one or two other types.

Supply-side substitutability

5.25 The boundaries of the relevant product market are generally determined by reference to demand-side substitution alone. However, there are circumstances where the CMA may aggregate several narrow relevant markets into one broader market based on considerations about the response of suppliers to changes in prices, including where (a) firms routinely use their existing production assets to supply a range of different products and shift their existing capacity between these different products and (b) the same firms compete to supply these different

¹⁷⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁷⁵ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁷⁶ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁷⁷ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁷⁸ For example, see ABF Internal Document, Annex ABF005496 to the FMN dated 18 December 2025, pages 19-20; ABF Internal Document, Annex ABF005559 to the FMN dated 18 December 2025, pages 16-17; and ABF Internal Document, Annex ABF005547 to the FMN dated 18 December 2025, pages 19-20.

products and the conditions of competition between the firms are the same for each product.¹⁷⁹

- 5.26 Given that the evidence on demand-side substitution is mixed, and the Parties have submitted that there is supply-side substitution across different types of plant bread, we considered the extent to which there is supply-side substitution between different plant bread types. To do this, we considered evidence from the Parties and competitors on their production process and whether they shift their existing capacity between different types of plant bread; and evidence on the extent to which the same suppliers compete to supply different types of plant bread. We note that warehousing and distribution capacity is not specific to any given type of bread (or other bakery product). As a result, widening our assessment to include warehousing and distribution¹⁸⁰ would not materially alter our conclusions.
- 5.27 The Parties submitted that bread is manufactured on a batch-by-batch basis and manufacturing lines are typically switched between different product lines on a regular (eg in some cases multiple times per day) basis to manage production across the Parties' bakery footprints efficiently.¹⁸¹
- 5.28 This is consistent with evidence from competitors on their production processes.¹⁸²
- (a) One competitor said that its bread production lines produce multiple types of plant bread and are switched multiple times a day, albeit one line cannot make all of the SKUs it supplies.¹⁸³
 - (b) Another competitor said different plant breads are made in the same oven and it switches between most types on a daily basis.¹⁸⁴
 - (c) Another competitor said that it uses different lines, but different types of plant bread are produced using similar processes.¹⁸⁵
- 5.29 Competitors also identified both AB and Hovis as competitors across most types of traditional plant bread with some others being identified for specific types of plant bread such as Brennans and Irwin's:

¹⁷⁹ [CMA129](#), paragraphs 9.8-9.9.

¹⁸⁰ The distribution models used by suppliers are set out in Chapter 4 above.

¹⁸¹ Parties' response to the CMA's RFI dated 14 January 2026, paragraph 2.3.3.

¹⁸² We asked competitors: We are seeking to better understand the production process for different types of plant bread (white, healthier white, wholemeal, and seeded). (a) Do you use the same production line to produce each of the types of plant bread that you supply. If no, please explain which types of bread are produced on different lines. (b) How often do you switch production lines between different types of plant bread. To the extent that your response differs for different types of plant bread, please explain. (c) What factors impact how you use your production lines. For example, time, cost or investment needed to switch production.

¹⁸³ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁸⁴ Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party email to the CMA.

¹⁸⁵ Third-party response to the CMA questionnaire dated 23 January 2026.

- (a) One competitor identified AB's Kingsmill, Hovis and Brennans as competing suppliers for white, healthier white and wholemeal, but only AB's Kingsmill and Hovis for seeded.¹⁸⁶
- (b) Another competitor identified AB's Kingsmill or Sunblest and Hovis as competing suppliers for white, healthier white and wholemeal, but only Hovis for seeded. The competitor also identified Irwin's and Brennans for white and Irwin's for wholemeal as well.¹⁸⁷
- (c) Another competitor identified AB's Kingsmill and Hovis as competing suppliers across white, healthier white, wholemeal and seeded, while also identifying Irwin's for white.¹⁸⁸

5.30 This competitor set is also reflected in data on the purchasing behaviour of GMs. Specifically, Nielsen's Homescan data for 2025¹⁸⁹ shows that the NI customers covered in the data (Asda,¹⁹⁰ Sainsbury's,¹⁹¹ Tesco,¹⁹² and Supervalu¹⁹³) consistently procure multiple different types of bread from the Parties, Brennans and Irwin's.¹⁹⁴

5.31 Table 5.1 below shows share of supply data by type of traditional plant bread type in NI for 2025.

¹⁸⁶ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁸⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁸⁸ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁸⁹ Data covers the first 18 weeks of 2025, ie week commencing 4 January 2025 to week commencing 3 June 2025.

¹⁹⁰ Asda procured: 17 SKUs from AB across white, wholemeal, 50/50, brown and malted grainy; 8 SKUs from Hovis across white, wholemeal and malted grainy; 13 SKUs from Brennans across white, wholemeal, brown and malted grainy; and 7 SKUs from Irwin's across white, wholemeal and brown.

¹⁹¹ Sainsbury's procured: 11 SKUs from AB across white, wholemeal, 50/50, brown and malted grainy; 15 SKUs from Hovis across white, wholemeal and malted grainy; 12 SKUs from Brennans across white, wholemeal, brown and malted grainy; and 9 SKUs from Irwin's across white, brown and malted grainy.

¹⁹² Tesco procured: 20 SKUs from AB across white, wholemeal, 50/50, brown and malted grainy; 20 SKUs from Hovis across white, wholemeal, 50/50, brown and malted grainy; 14 SKUs from Brennans across white, wholemeal, brown and malted grainy; and 8 SKUs from Irwin's across white, wholemeal, brown and malted grainy.

¹⁹³ Supervalu procured: 18 SKUs from AB across white, wholemeal, 50/50, brown and malted grainy; 15 SKUs from Hovis across white, wholemeal, 50/50 and malted grainy; 18 SKUs from Brennans across white, wholemeal, brown and malted grainy; and 9 SKUs from Irwin's across white, wholemeal, brown and malted grainy. Supervalu also purchased 13 SKUs across white, brown and malted grainy from McCloskey's and 9 SKUs across white, wholemeal, brown and malted grainy from Gallaghers Bakehouse

¹⁹⁴ CMA analysis of data provided in Parties internal document, Annex 0001 to the FMN dated 18 December 2025.

Table 5.1: Parties' estimated shares of supply by type of traditional plant bread in NI for 2025

Supplier	(%)			
	White	Wholemeal	Healthier white	Seeded
Allied Bakeries	[10-20]	[10-20]	[70-80]	[5-10]
Hovis	[50-60]	[20-30]	[10-20]	[50-60]
Parties' combined	[70-80]	[30-40]	[90-100]	[50-60]
Other private label (ie excluding the Parties private label volumes)	[0-5]	[5-10]	[0-5]	[0-5]
Brennans	[5-10]	[10-20]	[0-5]	[10-20]
Irwin's	[5-10]	[10-20]	[0-5]	[0-5]
Gallaghers	[5-10]	[10-20]	[0-5]	[10-20]
Other	[5-10]	[10-20]	[0-5]	[10-20]
Total	100	100	100	100

Source: Parties' estimates based on the Parties' sales data and Nielsen's Scantrack data.

Notes: Based on Parties' branded and private label volumes. For other suppliers based on branded volumes only.

5.32 Table 5.1 shows that the Parties' shares vary materially by type of plant bread.¹⁹⁵ For example, AB's share varies from [5-10]% in seeded to [70-80]% in healthier white and Hovis' share varies from [10-20]% in healthier white to [50-60]% in white bread. However, the data also show the Parties are active across all four types, and in the top four suppliers for each (and combined the largest), and other competitors are active in multiple types.

Provisional conclusion on traditional plant bread

5.33 Based on the above, our provisional view is that all types of traditional plant bread (ie white, healthier white, wholemeal and seeded varieties) form part of the same market.

- (a) We consider that there is some evidence that different types of traditional plant bread are demand side substitutes at the retail level. While not all types of traditional plant bread are equally substitutable for end consumers, there is a spectrum of substitutability between different types of traditional plant bread, with each representing an effective alternative for one or two other types and which therefore exert either direct or indirect constraints on each other.
- (b) The Parties and competitors generally use the same production lines to produce different types of traditional plant bread and frequently switch the bread type being produced on each production line.
- (c) The Parties are active across all traditional plant bread types and consistently identified by competitors across those traditional plant bread types. In addition, the same competitors (ie Brennans, Irwin's and Gallaghers) are also active across multiple traditional bread types, albeit their relative strengths vary. For example, Irwin's was identified as a competing supplier in white bread and wholemeal bread, but not seeded bread and healthier white bread.

¹⁹⁵ Parties' internal document, Annex 225 to Parties' response to the CMA's RFI dated 4 February 2026.

Purchasing data also shows that customers tend to stock a range of different types of plant bread from each supplier.

Sourdough bread

- 5.34 We have considered whether sourdough bread is in the same product market as traditional plant bread.
- 5.35 We considered evidence from customers and competitors on the extent to which different sourdough bread (both true sourdough and sourdough style) were considered as effective alternatives to each other and to traditional plant bread by end consumers. We have also considered evidence on the production process for sourdough bread when compared to traditional plant bread.
- 5.36 Less than half of customers considered true sourdough and sourdough style bread as effective or very effective alternatives to each other at the retail level, and only two customers identified either as effective alternatives to traditional plant bread.¹⁹⁶
- (a) Less than half of customers identified sourdough style bread as an effective or very effective alternative to true sourdough bread.¹⁹⁷ Only one customer identified sourdough style bread as an effective alternative to any type of traditional plant bread, with that customer identifying it as an effective alternative to all types.¹⁹⁸
 - (b) Less than half of customers identified true sourdough bread as an effective or very effective alternative to sourdough style bread.¹⁹⁹ Two customers identified true sourdough bread as an effective alternative to wholemeal bread²⁰⁰ and one of these customers identified it as an effective alternative to seeded bread.²⁰¹
- 5.37 Competitors generally considered sourdough style bread and true sourdough bread to be effective alternatives to each other at the retail level, with fewer seeing them as effective alternatives to the different types of traditional plant bread.²⁰²

¹⁹⁶ We asked customers the following: please indicate if you consider that end consumers in NI view different types of plant bread (white, healthier white, wholemeal, seeded, sourdough-style, and 'true' sourdough) as alternatives (where 1 is not at all effective, 2 is somewhat effective, 3 is effective and 4 is very effective).

¹⁹⁷ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁹⁸ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁹⁹ Third-party responses to the CMA questionnaire dated 23 January 2026.

²⁰⁰ Third-party responses to the CMA questionnaire dated 23 January 2026.

²⁰¹ Third-party response to the CMA questionnaire dated 23 January 2026.

²⁰² We asked competitors the following: please indicate if you consider that end consumers in NI view different types of plant bread (white, healthier white, wholemeal, seeded, sourdough-style, and 'true' sourdough) as alternatives (where 1 is not at all effective, 2 is somewhat effective, 3 is effective and 4 is very effective).

- (a) Two competitors identified sourdough style bread as an effective or very effective alternative to healthier white²⁰³ and true sourdough bread.²⁰⁴ Only one of these competitors also identified it as an effective alternative to white bread and seeded.²⁰⁵
- (b) All competitors identified true sourdough bread as an effective or very effective alternative to sourdough style bread.²⁰⁶ Only one competitor also identified it as an effective alternative to white bread, healthier white and seeded.²⁰⁷

5.38 Evidence from the Parties and competitors²⁰⁸ also shows that, at least for true sourdough, different production processes are used compared to traditional plant bread. However, in some cases sourdough style bread may be made on the same production lines as traditional plant bread, in some cases with some alterations and/or on a limited scale.

- (a) The Parties told us that in their view it is not possible for traditional plant bread production lines to be used to manufacture true sourdough products on an industrial scale. Rather, the Parties explained that some alterations to existing lines have allowed them to produce true sourdough products on a small scale. AB submitted that it understands some products that are described as sourdough (or similar to sourdough) are made on a traditional bread production line such as Warburtons' OurDough product.²⁰⁹
- (b) One competitor that currently produces sourdough style bread did not clarify the production line it was produced on, but explained that it would have to make investments to produce true sourdough.²¹⁰
- (c) One competitor that produces sourdough style loaves did not clarify if they were produced on the same production line or not as traditional plant bread, but noted that it produces them in smaller volumes.²¹¹
- (d) One competitor produces sourdough style bread and uses the same production line for both its sourdough style and traditional plant bread. The

²⁰³ Third-party responses to the CMA questionnaire dated 23 January 2026.

²⁰⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

²⁰⁵ Third-party response to the CMA questionnaire dated 23 January 2026.

²⁰⁶ Third-party responses to the CMA questionnaire dated 23 January 2026.

²⁰⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

²⁰⁸ We asked competitors: In relation to the production of sourdough bread: (a) Please indicate what, if any, types of sourdough bread you produce. (b) Do you use the same production lines to produce 'true' sourdough bread that you use to produce other types of plant bread? If yes, please indicate which other types of plant bread are produced on the same production line. (c) If you responded "yes" to the question above, please explain how often the equipment and its operators (labour) used to manufacture plant bread **are also used** to manufacture 'true' sourdough. Additionally, please explain what factors are relevant to your response, for example time, cost or investment needed to switch production. Respondents were given the options of rarely, sometimes and often.

²⁰⁹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 3.13.

²¹⁰ Third-party response to the CMA questionnaire dated 23 January 2026.

²¹¹ Third-party response to the CMA questionnaire dated 23 January 2026.

competitor said that additional investment would be required to produce true sourdough bread.²¹²

5.39 We have also seen evidence that indicates the competitor sets differ for traditional plant bread and sourdough bread.

- (a) The Parties explained that Gallaghers is driving the growth in sourdough in NI, with AB understanding that Gallaghers represents around 90% of sourdough bread sales by volume.²¹³
- (b) All competitors identified Gallaghers as a competitor in sourdough bread (with two identifying it as particularly strong),²¹⁴ whereas it was not identified as a competitor for any traditional types of plant bread.²¹⁵ In contrast, to the extent the Parties are active in sourdough bread in NI evidence shows that it makes up a very limited amount of their offerings.²¹⁶ Consistent with this, AB was only identified as competing in sourdough bread by one competitor²¹⁷ and no competitors identified Hovis despite both being identified by all competitors in relation to multiple types of traditional plant bread.

Provisional conclusion on sourdough bread

5.40 Based on the above, our provisional view is that it is not appropriate to widen the market to include sourdough bread as:

- (a) there is limited evidence that sourdough bread (either true or sourdough style) is seen as an effective alternative to traditional plant bread at the retail level;
- (b) true sourdough bread is produced on different production lines or at small scale on altered plant bread production lines, albeit some suppliers may be able to use traditional plant bread lines for sourdough style bread; and
- (c) the competitor set differs. First, Gallaghers was the only supplier consistently identified by its competitors as a supplier of sourdough (which is consistent with evidence from the Parties). Second, sourdough makes up a very limited amount of the Parties' offering in NI. Consistent with this only one of the Parties was identified as a supplier of sourdough by a competitor and the

²¹² Third-party response to the CMA questionnaire dated 23 January 2026.

²¹³ Parties' response to the CMA RFI dated 14 January 2026, paragraph 3.14.

²¹⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

²¹⁵ Third-party responses to the CMA questionnaire dated 23 January 2026.

²¹⁶ The Parties' sourdough volumes make up a small proportion of their total NI plant bread volumes. The Parties submission on volumes by type of bread in NI includes an 'other' type of bread category which includes bread products such as sourdough, rye, onion, among others (ABF's response to the CMA's s109 notice dated 16 January 2026, question 19). The 'others' volume represents [0-5]% of the Parties total 2025 bread volumes, and it is unlikely the whole category reflects sourdough (Parties internal document, Annex 225 to Parties' response to the CMA's RFI dated 4 February 2026).

²¹⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

other was not identified at all, which contrasts with traditional plant bread where both Parties were identified as suppliers by all competitors.

Private label and branded plant bread

5.41 The Parties are active in the supply of both branded and private label plant bread. We therefore considered whether branded and private label plant bread constitute distinct product markets, or whether they form part of the same market.

5.42 In our assessment, we considered:

- (a) Evidence on the extent to which they are demand-side substitutes at the retail level (ie when competing for end consumers). This is because:
 - (i) suppliers may be constrained if end-consumers would switch from branded products to private label products (or vice versa) in response to a worsening of the branded offering (or private label offering);
 - (ii) suppliers may be constrained to the extent that the preferences of end-consumers are important and will influence the decisions of customers on which products to stock.
- (b) Evidence on the extent to which they are demand-side substitutes at the wholesale level (ie when competing at the manufacturing and distribution level). This is because customers (ie GMs and convenience stores) ultimately decide which products to stock based on a wider set of factors than just end consumers preferences.
- (c) If this evidence is consistent with how branded and private label plant bread are positioned in the Parties' internal documents and other evidence from third parties.

5.43 At the retail level, NI customers and competitors told us that private label plant bread is viewed as an effective or very effective alternative to branded plant bread by end consumers.²¹⁸

- (a) Almost all customers said that private label plant bread is viewed as an effective²¹⁹ or very effective²²⁰ alternative to branded plant bread by end consumers. Two customers said that private label plant bread is a not very effective alternative to branded plant bread.²²¹

²¹⁸ Customers and competitors were asked: please explain the extent to which you consider that end consumers view branded and private label versions of products listed in the table above as effective alternatives. This list included branded plant bread and private label could be rated as 'not at all effective', 'not very effective', 'effective' and 'very effective'.

²¹⁹ Third-party responses to the CMA questionnaire dated 19 November 2025.

²²⁰ Third-party responses to the CMA questionnaire dated 19 November 2025.

²²¹ Third-party responses to the CMA questionnaire dated 19 November 2025.

- (b) Similarly all competitors said that private label plant bread is viewed as an effective²²² alternative to branded plant bread by end consumers. For example:
 - (i) One competitor said that it considers private label acts as a pricing constraint on branded products and when looking at price increases/price positions, it considers the risk of volume loss if the gap between branded and private label products is likely to become too wide.²²³
 - (ii) One competitor said that NI customers are more open to private label plant bread as an alternative than ROI customers as they are more price sensitive.²²⁴

5.44 At the wholesale level, we have received mixed evidence on the extent to which customers can switch between branded and private label products at the manufacturing and distribution level. In particular:

- (a) In line with the Parties' submissions, some customers may have the ability to substitute private label products for branded products and use their private label offerings to negotiate better pricing on branded products. For example, one customer told us it believes it can shift Hovis products to other brands or private label alternatives²²⁵ whilst another customer said it allocates shelf space between private label and branded products to drive its own brand.²²⁶
- (b) Some customers also indicated there were limits to such substitutability as they need to offer branded and private label products:
 - (i) One customer noted that the primary factor that would lead to it increasing the stock of private label volumes at the expense of branded would be an issue at one of its branded suppliers resulting in products being unavailable.²²⁷
 - (ii) Another customer noted that market trends may force it to examine its value offering. For example, if private label grew to a certain level in NI, it would result in this customer having to consider increasing its private label offerings to customers.²²⁸

²²² Third-party responses to the CMA questionnaire dated 20 November 2025.

²²³ Third-party response to the CMA questionnaire dated 20 November 2025.

²²⁴ Third-party response to the CMA questionnaire dated 27 November 2025.

²²⁵ Third-party call note.

²²⁶ Third-party response to the CMA RFI dated 6 February 2026.

²²⁷ Third-party response to the CMA RFI dated 6 February 2026.

²²⁸ Third-party response to the CMA RFI dated 5 February 2026.

- (iii) A third customer said that price point is an important factor and it is important to offer a range of competitive prices that meet the needs of its customers.²²⁹
 - (iv) We therefore consider that for customers that require both branded and private label, this may limit the ability of retailers to switch between branded and private label suppliers.
- (c) Some customers (particularly convenience customers) predominantly stock branded products²³⁰ whilst others, for example Lidl NI, only stock private label plant bread and morning goods.²³¹ For these customers, branded products are less likely to directly constrain private label products and vice versa as switching between them would require a change in strategy.
 - (d) Additionally, as set out in Chapter 4 above, the competitor set for branded and private label products are different with some suppliers only producing one or the other – therefore to the extent that a customer requires either branded or private label products it will be limited to the competitor set within the given segment at the manufacturing and distribution level.

5.45 The Parties' internal documents are consistent with competition taking place between private label and branded plant bread at the retail level. The Parties actively monitor private label volumes and the competitive constraints imposed by private label products on the Parties' branded offerings. For example:

- (a) A series of ABF documents that provide a 'Bakery & Bread Overview' include a share for all private label in addition to individual shares for branded suppliers when considering shares of supply (including overall NI shares, shares by retailer and shares by bread type) and average number of SKUs per store.²³²
- (b) Hovis board decks provide customer updates which indicate the movement of volumes between branded and private label plant bread.²³³ For example, the board deck from March 2024 provides a customer update for grocery customers in NI and says that private label is growing and taking share from Hovis.²³⁴

²²⁹ Third-party response to the CMA questionnaire dated 23 January 2026.

²³⁰ Parties' response to the CMA RFI dated 14 January 2026, question 6.

²³¹ Third-party response to the CMA questionnaire dated 23 January 2026.

²³² For example, see ABF Internal Document, Annex ABF005496 to the FMN dated 18 December 2025, pages 11-14 and 17-23; ABF Internal Document, Annex ABF005559 to the FMN dated 18 December 2025, pages 11, 14-20; and ABF Internal Document, Annex ABF005547 to the FMN dated 18 December 2025, pages 11-14 and 17-23.

²³³ For example, see Hovis Internal Document, Annex HOV000164 to the FMN dated 18 December 2025, page 36; Hovis Internal Document, Annex HOV000170 to the FMN dated 18 December 2025, page 21; and Hovis Internal Document, Annex HOV000256 to the FMN dated 18 December 2025, page 20.

²³⁴ For example, see Hovis Internal Document, Annex HOV000164 to the FMN dated 18 December 2025, page 36.

Provisional conclusion on private label and branded plant bread

- 5.46 Based on the above, our provisional view is that branded and private label plant bread form part of the same market. In particular, the evidence strongly suggests that branded and private label products are demand-side substitutes at the retail level and this is consistent with internal documents.
- 5.47 We recognise that there are limits on the extent to which suppliers' direct customers (eg GMs and convenience stores) can switch between the two at the wholesale level. This means that, all else equal, one branded offering is likely to be a closer alternative to another branded offering at the wholesale level than an equivalent private label offering (and vice versa).
- 5.48 This is reflected in our competitive assessment where we consider competition overall and within branded offerings and within private label offerings.

Customer types

- 5.49 As set out in Chapter 4 above, there are a number of different customer types in NI. For plant bread, the majority of the Parties' volume and revenue is accounted for by GMs and convenience stores whereas foodservice customers account for just [0-5]% of AB's volume and revenue and just [0-5]% of Hovis' volume and revenue.²³⁵
- 5.50 The evidence does not indicate that competitive conditions differ between these two customer types. For example, both GMs and convenience store customers use the same suppliers of plant bread. In particular, AB, Hovis, Brennans and Irwin's were regularly identified as being current suppliers (albeit some supply much smaller volumes than others) by both GMs²³⁶ and convenience store customers.²³⁷ While we only received evidence from one foodservice customer in NI, this customer identified Hovis and Irwin's as its current suppliers such that there is no evidence to suggest the competitor set materially differs.
- 5.51 On this basis, our provisional view is that it would not be appropriate to further segment the wholesale supply of plant bread based on customer type.

²³⁵ ABF's response to the CMA's s109 notice dated 16 January 2026, question 22; and Hovis' response to the CMA's s109 notice dated 16 January 2026, question 22.

²³⁶ All GMs identified AB, more than half identified Hovis and Irwin's and half identified Brennans. Third-party responses to the CMA questionnaire dated 23 January 2026.

²³⁷ All convenience customers identified Hovis and Irwin's and more than half identified AB and Brennans. Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party responses to the CMA questionnaire dated 19 November 2025.

Provisional conclusion on plant bread product market definition

5.52 Having considered the totality of the evidence in the round, our provisional view is that there is one product market comprising all types of traditional plant bread. This market encompasses both private label offerings and branded offerings and all customer types. However, this market does not include sourdough bread (either true sourdough or sourdough style bread). This is, in summary, for the following reasons.

- (a) **Types of plant bread.** We consider there is some evidence that different types of plant bread are demand side substitutes. While not all types of plant bread are equally substitutable for end consumers, there is a spectrum of substitutability between different types of plant bread, with each representing an effective alternative for one or two other types. In addition, on the supply side the same production lines tend to be used for different types of plant bread, with production frequently switching between types of plant bread. The Parties are active across all types of traditional plant bread and were consistently identified as suppliers across all types of traditional plant bread by competitors. In addition, the same competitors (eg Brennans, Irwin's and Gallaghers) are active across multiple traditional bread types, albeit their strength varies with Irwin's, for example, not being identified by any competitors for healthier white or seeded plant bread.
- (b) **Sourdough bread.** There is limited evidence that sourdough bread (either true or sourdough style) is seen as an effective alternative to traditional plant bread. On the supply side, true sourdough bread is produced on different production lines or at small scale on altered plant bread production lines, albeit some suppliers may be able to use traditional plant bread lines for sourdough style bread. In addition, the competitor set differs. First, Gallaghers was the only supplier consistently identified by the Parties' competitors for sourdough (which is consistent with evidence from the Parties). Second, sourdough makes up a very limited amount of the Parties' offering in NI. Consistent with this only one of the Parties was identified as a supplier of sourdough by a competitor and the other was not identified at all, which contrasts with traditional plant bread where both Parties were identified as suppliers by all competitors.
- (c) **Branded and private label.** The evidence strongly suggests that branded and private label products are demand-side substitutes at the retail level and this is consistent with internal documents. We recognise, however, that there are limits on the extent to which suppliers' direct customers (eg GMs and convenience stores) can switch between the two at the wholesale level. This means that, all else equal, one branded offering is likely to be a closer alternative to another branded offering at the wholesale level than an equivalent private label offering (and vice versa). This is reflected in our

competitive assessment where we consider competition overall and within branded offerings and within private label offerings.

- (d) **Customer types.** The evidence available indicates that the same set of suppliers (eg the Parties, Brennans, Irwin's) currently supply GMs and convenience stores (albeit those suppliers vary in size and importance) and there is no evidence this differs for foodservice customers.

Geographic market definition: supply of plant bread

Parties' submissions

- 5.53 The Parties submitted that the most appropriate geographic frames of reference for the supply of plant bread are: (i) GB and (ii) that NI forms part of a wider market for the island of Ireland.²³⁸
- 5.54 The Parties submitted that GB is a single geographic market for the following reasons.
- (a) The GMs procure and require suppliers to supply plant bread on a GB-wide basis.²³⁹
- (b) There is a difference in customer base with convenience stores accounting for a higher proportion of sales in NI/ROI than in GB. These convenience stores are also supplied by a unique 'van sales' distribution model. This involves van drivers (who may be employed by the relevant baker or self-employed) distributing bread to convenience stores on a 'sale or return' basis.²⁴⁰
- (c) The competitor set differs, with the Parties facing competition in NI from Northern Irish brands such as Irwin's, and Irish brands such as Brennans and Gallaghers.²⁴¹ Warburtons, the largest supplier of plant bread in GB, only recently commenced supplies to customers in NI.²⁴² In addition, the greater prevalence of convenience stores and the van sales distribution model in NI/ROI lowers barriers for smaller regional bakeries to compete.²⁴³
- (d) There are material differences in consumer preferences.²⁴⁴ For example, private label products have had less prevalence in NI/ROI.

²³⁸ FMN, paragraph 12.1.

²³⁹ FMN, paragraphs 12.4-12.25. Whilst a number of bakers operate regionally, these account for a smaller segment of the market.

²⁴⁰ FMN, summary paragraph 52 and paragraph 12.27.6.

²⁴¹ FMN, summary paragraph 52 and paragraph 12.27.2.1.

²⁴² FMN, summary paragraph 52 and paragraph 12.27.2.2.

²⁴³ FMN, summary paragraph 52 and paragraphs 12.27.5.2 and 12.27.6.1.(ii).

²⁴⁴ FMN, summary paragraph 52 and paragraph 12.27.3.

5.55 For NI, the Parties submitted that NI forms part of a wider market for the island of Ireland in view of the following:

- (a) Certain GMs in NI operate either on a fully or partly island of Ireland basis (such as Tesco and Lidl).²⁴⁵
- (b) Similar population demographics across NI and ROI have led to a greater reliance on convenience stores.²⁴⁶
- (c) Suppliers in NI supply customers in ROI and similarly suppliers in ROI, such as Brennans and Gallaghers, supply customers in NI (including using DTS and van sales distribution models).²⁴⁷
- (d) While there are slight differences between NI and ROI in terms of consumer preferences, there are also significant similarities.²⁴⁸

Our assessment

5.56 The Parties' customers, such as GMs and convenience stores, have retail outlets in a fixed geographic location. Therefore, our focus has been on the supply side and which suppliers have the capabilities to and are supplying customers into geographic regions, as well as the extent to which there are differences in competitive conditions between different regions.

5.57 Below we set out our assessment of whether GB and NI are part of the same market or are distinct markets. We then set out our assessment of whether NI and ROI are part of the same market, or whether NI is a distinct market.

GB and NI

5.58 Our provisional view is that, consistent with the Parties' submissions, there are separate geographic markets for plant bread in GB and NI. In particular:

- (a) Evidence on shares of supply and from third parties shows that beyond the Parties there is generally a different set of suppliers for GB when compared to NI.²⁴⁹ For example, the Parties have identified Warburtons as the largest plant bread supplier in GB,²⁵⁰ whereas evidence shows that in NI Warburtons' share of supply is very small, see Chapter 7 below.

²⁴⁵ FMN, summary paragraph 52 and paragraph 12.27.1.1.

²⁴⁶ FMN, summary paragraph 52 and paragraph 12.27.4.1.

²⁴⁷ FMN, summary paragraph 52 and paragraph 12.27.6.2.

²⁴⁸ FMN, summary paragraph 52 and paragraph 12.27.3.2.

²⁴⁹ For example, one large GM that is active in GB and NI told us that the competitor set for branded bread is different in NI compared to GB (Third-party call note).

²⁵⁰ FMN, summary paragraph 52 and paragraph 12.27.2.

- (b) Private label is much less prominent in NI compared to GB across plant bread and morning goods, see Chapter 4 above.
- (c) There are differences in distribution models between GB and NI as the van sales model is used in NI but not GB, see Chapter 4 above.

NI and ROI

- 5.59 The evidence shows that ROI suppliers are active in NI. This includes evidence from Nielsen data,²⁵¹ evidence from ROI suppliers²⁵² and evidence from customers, which is set out below. However, the fact that ROI suppliers are active in NI is not sufficient to widen the market if there are differences in competitive conditions.²⁵³
- 5.60 Therefore, we have considered evidence on the extent to which competitive conditions are the same across NI and ROI. This includes:
- (a) shares of supply;
 - (b) evidence from competitors on the extent to which ROI suppliers face barriers to supplying customers in NI; and
 - (c) evidence from customers on the extent to which, at the wholesale level, they would consider ROI suppliers in general and on the extent to which they currently use ROI suppliers.
- 5.61 First, the Parties submitted evidence on shares of supply for plant bread separately for NI and for the island of Ireland. These shares were based on branded volumes and for some suppliers only NI volumes were included.
- 5.62 These shares of supply estimates indicate that ROI suppliers are smaller in NI and vice versa.²⁵⁴ For example:
- (a) Brennans had an estimated share of [5-10]% in NI, but a higher share of [20-30]% for the island of Ireland (which includes NI and ROI), indicating that it has a much larger share in ROI compared to NI.

²⁵¹ Nielsen data provided by the Parties shows that in 2025 Brennans, Gallaghers, McCloskey's and Pat the Baker were all ROI brands with at least [0-5]% share in a bread type in NI (Parties internal document, Annex 224 to Parties' response to the CMA's RFI dated 4 February 2026).

²⁵² Brennans told the CMA that it operates in both NI and ROI, but it has no bakeries in NI (it has two near Dublin). Rather it has [X] in NI and a local distribution network that delivers direct to store (Third-party call note).

²⁵³ [CMA129](#), paragraphs 9.8 and 9.14.

²⁵⁴ Based on data availability the shares for the Island of Ireland were based on the 52 weeks to September 2025. While the NI shares were based on January-February 2025 (FMN, Table 1.1 and Table 28; and Parties internal document, Annex 224 to Parties' response to the CMA's RFI dated 4 February 2026).

- (b) Conversely the Parties had a combined share of [50-60%] in NI but only a share of [10-20]% for the island of Ireland, indicating that they have a much lower share in ROI compared to NI.

5.63 Second, evidence from competitors indicates that it can take time for ROI suppliers to establish themselves in NI.

- (a) One competitor said it has steadily grown its share of supply over the past 15 years. While the competitor said that it does not perceive there to be any major barriers to entry, the competitor's share in NI is materially smaller than in ROI.²⁵⁵
- (b) Another competitor said it was [X] and that for ROI suppliers trying to supply into NI the 'hurdles are significant'.²⁵⁶ In addition, the competitor said:
 - (i) Barriers include (i) the costs and organisation of the 'van sales model' which is needed to supply convenience customers daily or on alternative days and whose demand comprises 40-50% of the market; (ii) ROI suppliers' brands not being well known and buyers being reluctant to stock brands not made in NI; and (iii) the pricing model in NI is unattractive for ROI suppliers²⁵⁷ as it conflicts with their ROI pricing models.²⁵⁸
 - (ii) There had been a number of failed or 'poorly successful' attempts in the past to launch ROI brands in NI. For example, the competitor said that [X] has had two unsuccessful attempts at establishing a brand in NI and that [X] has had only limited success despite spending heavily on marketing ([X]% of NI turnover).²⁵⁹

5.64 Third, evidence from customers indicates that while they are open to using ROI suppliers, and in some cases do, ROI suppliers are generally weaker and account for a minority of sales when used.

- (a) Most customers²⁶⁰ told us that they already use ROI suppliers to some extent or would be open to using them.²⁶¹ However, less than half of customers also said that ROI suppliers are weaker in NI. For example:

²⁵⁵ Third-party call note.

²⁵⁶ Third-party response to the CMA questionnaire dated 23 January 2026.

²⁵⁷ Consistent with this, another competitor said that prices are lower in NI compared to ROI, which makes expansion into NI unattractive for ROI bakers (Third-party call note).

²⁵⁸ Third-party response to the CMA questionnaire dated 23 January 2026.

²⁵⁹ Third-party response to the CMA questionnaire dated 23 January 2026.

²⁶⁰ We asked customers: If you have stores in NI, please explain the extent to which you would consider ROI suppliers in relation to your stores in NI when selecting suppliers of: (a) Plant Bread.

²⁶¹ Third-party responses to the CMA questionnaire dated 19 November 2025.

- (i) One customer said that NI is a different market from ROI and that, while it uses Brennans (a ROI supplier), Brennans is number four or five of its current plant bread suppliers.²⁶²
 - (ii) One customer said that, while some ROI suppliers would be suitable alternatives, NI and ROI have differing 'regional bread brands'.²⁶³
 - (iii) One customer said that product capability is similar in NI and ROI, the barriers to moving product are limited and ROI suppliers are eligible to be considered for private label plant bread. However, the customer also said that the branded offering is very different from ROI, with strong loyalty, especially to brand leader Hovis in NI, as well as local suppliers.²⁶⁴
 - (iv) One customer said it would consider and already uses some ROI suppliers, but that GB brands are 'essential' in NI.²⁶⁵
- (b) In addition, while just over half of customers²⁶⁶ do currently use ROI suppliers, these suppliers make up a minority of volumes at those customers.²⁶⁷ In particular, Brennans, Gallaghers (including Pat the Baker one of its brands) and McCloskey's are all used by two or more customers, but a majority of each customer's requirements are met by NI suppliers.²⁶⁸

²⁶² Third-party response to the CMA questionnaire dated 19 November 2025.

²⁶³ Third-party response to the CMA questionnaire dated 19 November 2025. The same customer also noted that there is no customer demand for ROI suppliers in NI (Third-party call note).

²⁶⁴ Third-party response to the CMA questionnaire dated 19 November 2025.

²⁶⁵ Third-party response to the CMA questionnaire dated 19 November 2025.

²⁶⁶ We asked customers at phase 1: Please list your current supplier(s) of branded and private label plant bread in NI, including the volumes that you procured during the 2024 calendar year. Please note that if the same supplier provides you with branded and private label bread, please use two rows for the branded and private label offerings respectively. We asked customers at phase 2: Please list your current supplier(s) for branded and private label plant bread in NI and provide the volumes that you procured during the 2025 calendar year. If the same supplier provides you with both branded and private label bread, please list the branded and private label volumes in separate rows.

²⁶⁷ Further, one customer identified that the two ROI suppliers that it used had 'limited supply to NI'. Third-party response to the CMA questionnaire dated 23 January 2026.

²⁶⁸ One customer identified NI suppliers AB, Hovis and Irwin's as accounting for [70-80]% of its volumes in 2024 (Third-party response to the CMA questionnaire dated 19 November 2025). Another customer identified NI suppliers AB, Hovis, Irwin's and Genesis/Hatch Brothers as accounting for [70-80]% of its volumes in 2025 and included Genesis/Hatch Brothers (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026). Another customer identified NI suppliers AB and Hovis as accounting for [80-90]% of its volumes in 2025 (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026). Another customer identified NI suppliers AB, Hovis and Irwin's as accounting for [80-90]% of its volumes in 2024 (Third-party response to the CMA questionnaire dated 19 November 2025). Another customer identified NI suppliers AB, Hovis and Irwin's as accounting for [80-90]% of its volumes in 2025 (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026). Another customer identified NI suppliers AB, Hovis and Irwin's as accounting for [70-80]% of its volumes (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026). For 2024, one customer identified NI suppliers AB and Irwin's as accounting for [40-50]% of its volumes. However, for 2025 the customer identified NI suppliers AB, Hovis, Irwin's and Bertie's as accounting for [70-80]% of its volumes (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026).

5.65 Fourth, there is some evidence from internal documents that is consistent with the Parties considering NI and ROI separately, albeit it also shows ROI suppliers are active in NI. For example:

- (a) A series of ABF documents that provide a 'Bakery & Bread Overview' do so for NI on a standalone basis. For example, these documents include slides on average prices, year-on-year and 12-week growth and brand shares in plant bread. Alongside NI based suppliers, these documents identify Brennans and Gallaghers which are ROI suppliers.²⁶⁹
- (b) Hovis board decks in 2024 discuss the brand's performance separately for NI grocery and convenience and for Hovis' activities in the ROI.²⁷⁰
- (c) A Hovis commercial update from 2023 focuses just on NI.²⁷¹
- (d) Some Hovis documents consider [REDACTED] in the ROI and focus on the ROI specifically. We consider that Endless and Hovis looking to [REDACTED] in ROI may be consistent with narrow markets. For example:
 - (i) A Hovis document prepared by Endless from November 2022 reviews the Hovis portfolio. This review discusses [REDACTED] which is viewed as [REDACTED] the ROI.²⁷² This plan is further iterated in a Hovis strategy workshop document from November 2023 which discusses the role of [REDACTED] in [REDACTED] in the island of Ireland. Further, Hovis considered [REDACTED].²⁷³
 - (ii) A Hovis document from June 2022 provides a strategic review of the ROI market and discusses 'Republic of Ireland [REDACTED]'. In doing this a range of ROI suppliers are identified and, while [REDACTED] are identified on a map as bakeries in NI they are not included in the discussion of competitors in ROI.²⁷⁴

5.66 Other internal documents are more ambiguous. For example, an AB document from 2021 reviewing AB's performance covers Ireland and while there are some references to NI in other places in the same document, it is less clear if it refers to NI, ROI or the island of Ireland.²⁷⁵ However, we have not identified any documents that clearly indicate the Parties consider an entire island of Ireland market.

²⁶⁹ For example, see ABF Internal Document, Annex ABF005496 to the FMN dated 18 December 2025, pages 6-27. Also see ABF Internal Document, Annex ABF005559 to the FMN dated 18 December 2025, pages 6-25; and ABF Internal Document, Annex ABF005547 to the FMN dated 18 December 2025, pages 6-27.

²⁷⁰ Hovis Internal Document, Annex HOV000164 to the FMN dated 18 December 2025, page 36; Hovis Internal Document, Annex HOV000170 to the FMN dated 18 December 2025, page 21; and Hovis Internal Document, Annex HOV000256 to the FMN dated 18 December 2025, page 20.

²⁷¹ Hovis Internal Document, Annex HOV000095 to the FMN dated 18 December 2025, pages 25-26.

²⁷² Hovis Internal Document, Annex HOV000062 to the FMN dated 18 December 2025, slide 8.

²⁷³ Hovis Internal Document, Annex HOV000094 to the FMN dated 18 December 2025, slides 63 and 67-68.

²⁷⁴ Hovis Internal Document, Annex 448 to the FMN dated 18 December 2025, slides 23-24.

²⁷⁵ ABF Internal Document, Annex ABF006564 to the FMN dated 18 December 2025.

- 5.67 Finally, the Parties have not been able to provide material evidence of losses of NI customers to ROI suppliers over the past three years. In particular:
- (a) AB submitted that it had experienced a gradual erosion of its total sales volumes over the past three years which is at least partially attributable to ROI suppliers (Gallaghers and Brennans).²⁷⁶ However, given that AB's share over that period appears to have fallen by just [0-5]% this does not support a material diversion from AB to ROI suppliers over this period.²⁷⁷
 - (b) Hovis provided one example where Pat the Baker (an ROI-based supplier with no NI manufacturing base) tendered for [X] volume in [X], relating to a supply arrangement commencing from around [X]. However, Pat the Baker was unsuccessful as Hovis secured the tender.²⁷⁸

Provisional conclusion on plant bread geographic market definition

- 5.68 Based on the above, our provisional view is that there is a standalone NI market for the supply of plant bread (ie excluding ROI) and it is not appropriate to widen the market to the whole of the island of Ireland.
- 5.69 While customers appear open to using suppliers from the ROI and are using some ROI suppliers, in practice such suppliers only account for the minority of sales in NI (this is reflected both in the customer evidence set out above and the shares of supply set out in Chapter 7).
- 5.70 To the extent that some GB or ROI suppliers are already active in NI this will be taken into account in the competitive assessment based on their current position in NI. Further, any ROI (or GB) suppliers not currently actively supplying to customers in NI will be considered as entrants (either in the competitive assessment if there are pre-existing plans or as part of our assessment of entry as a countervailing factor if there are no pre-existing entry plans).

Provisional conclusion on plant bread market definition

- 5.71 In view of the above, we have provisionally concluded that, for the purposes of the assessment of the Merger, the relevant market is the supply of white, healthier white, brown/wholemeal and seeded plant bread, excluding sourdough, in NI. We refer to this in the remainder of the report as the supply of plant bread.

²⁷⁶ Parties' response to the CMA's RFI dated 6 November 2025, paragraph 25.1.

²⁷⁷ Parties' Internal Document, Annex 24 to the FMN dated 18 December 2025.

²⁷⁸ Parties' response to the CMA's RFI dated 6 November 2025, paragraph 25.

The supply of morning goods

Product market definition: supply of morning goods

- 5.72 Product market definition starts with the relevant products of the merging parties.²⁷⁹ Therefore, as a starting point, we considered the individual products where the Parties overlap: (i) pancakes; (ii) soda farls and (iii) potato farls.²⁸⁰
- 5.73 In this section, we first outline the Parties' submissions on product market definition. We then consider:
- (a) whether the supply of each individual morning good constitutes a distinct product market or if the relevant morning goods are part of wider markets including two or more morning goods.
 - (b) whether private label and branded versions of the same morning goods are in the same product market or constitute distinct product markets.
 - (c) whether the market(s) should be segmented by customer type(s).

Parties' submissions

- 5.74 The Parties submitted that there is a single product frame of reference for all types of morning goods.²⁸¹
- 5.75 The Parties submitted that there is demand-side substitution between the Parties' overlapping morning goods (including pancakes, soda farls and potato farls) and other morning goods often eaten for breakfast, such as croissants, pastries, bagels, brioches, waffles, pikelets and buns.²⁸² The Parties also submitted that, even if products are classified as 'teatime snacks' or 'sweet bakery' in certain documents, it is clear that products can have multiple meal occasions and that the relevant products are also eaten as part of breakfast.²⁸³
- 5.76 The Parties further submitted there is significant supply-side substitution between different types of morning goods: (i) crumpets and pancakes can both be produced

²⁷⁹ [CMA129](#), paragraph 9.6.

²⁸⁰ In NI the Parties also overlap in fruit bread, hot cross buns and muffins. On the basis of the evidence gathered, including low increments brought about by the Merger and low combined shares of supply, we considered at an early stage in our investigation that there are not competition concerns in these areas, and they are therefore not discussed further (FMN, Table 26).

²⁸¹ FMN, paragraph 12.34.

²⁸² FMN, paragraph 12.36.

²⁸³ Annex 209 to the FMN dated 18 December 2025, paragraph 9.1. Without prejudice to the position that the appropriate frame of reference is 'morning goods', the Parties also indicated that the narrowest plausible product segmentation would be between 'breakfast' and 'teatime snacks' segments (Annex 209 to the FMN dated 18 December 2025, paragraph 9.2).

using a hotplate line; and (ii) soda farls and potato farls can both be produced on the same production line, which like pancakes and crumpets, require a hotplate.²⁸⁴

- 5.77 The Parties also submitted that there is no basis for segmenting the product market for morning goods by private label and branded morning goods or by customer channel, for the same reasons as for plant bread above.²⁸⁵

Our assessment

Individual morning goods

- 5.78 We have considered whether the supply of each individual morning good constitutes a distinct product market or if the relevant morning goods are part of wider markets including two or more morning goods.

- 5.79 For each product we have considered:

- (a) The extent to which there may be demand-side substitutes at the retail level (ie when competing for end consumers). This is based on evidence from customers on the extent to which they consider end-consumers have effective alternatives to the relevant morning goods.
- (b) The extent to which there may be supply-side substitutes based on evidence from the Parties and competitors on their production process and, where relevant, evidence on the extent to which competitive conditions are the same or vary across different possible supply-side substitutes.

- 5.80 In addition to the assessment set out below, submissions from two GMs are consistent with there being limited or weak demand-side substitution between morning goods generally:

- (a) One customer noted that ‘bakery occasion products’ (morning goods) are not easily substitutable.²⁸⁶ For example, if the price of crumpets increases by 5%, customers are unlikely to switch to pancakes. These products serve different needs and occasions. Items like pancakes, soda bread, and potato farls are not direct substitutes. There may be some crossover between English muffins and crumpets, but overall, each product is distinct.²⁸⁷
- (b) Another customer said that it views morning goods on an individual product basis and it reviews each product on its own merit.²⁸⁸

²⁸⁴ FMN, paragraph 12.37.

²⁸⁵ FMN, paragraphs 12.31-12.33.

²⁸⁶ Third-party call note.

²⁸⁷ Third-party call note.

²⁸⁸ Third-party call note.

Pancakes

- 5.81 Evidence from customers indicates that, on the demand side,²⁸⁹ other morning goods are not effective alternatives²⁹⁰ to pancakes at the retail level.²⁹¹
- (a) Over half of customers identified no other morning good as an effective or very effective alternative for pancakes.²⁹² For example, one customer said that these products are not substitutable for end consumers as it is unlikely that a customer would go to shop for pancakes and buy soda farls instead if the preferred product was not available.²⁹³
 - (b) Less than half of customers identified waffles as an alternative to pancakes. Two of these customers considered waffles an effective or very effective alternative,²⁹⁴ while the other customer stated there was minimal substitution between pancakes and waffles.²⁹⁵
- 5.82 On the supply-side, the Parties submitted that crumpets, pancakes, soda farls and potato farls are made using a hotplate line.²⁹⁶ However, evidence shows that in practice pancakes are generally made on different hotplate lines to these other products.²⁹⁷
- (a) AB uses [✂] to produce pancakes [✂] for crumpets and [✂] to produce potato and soda farls.²⁹⁸

²⁸⁹ The question asked to customers on substitutability did not specify geography. Here we focus on the views of NI customers given this is the geographic overlap we are considering. Some GB specific customers provided a view and had more mixed views about pancakes with two indicating there were no effective substitutes and three that there were substitutes including crepes, waffles and crumpets. Third-party responses to the CMA questionnaire dated 19 November 2025.

²⁹⁰ We asked customers the following: Please complete the table below with a list of morning goods products that can be considered as alternatives to the noted products. Provide an explanation for your rating. In the table the customer could identify alternatives and tick if they were effective or very effective.

²⁹¹ One customer misinterpreted the question. It appears it took it to mean which brand or brands were strongest in the category (rather than which morning goods were substitutes for the focal morning good). For example, regarding pancakes it answered that Sunblest (Allied) offered the best range. Given this was only one customer, it did not impact the analysis set out here. This customer also misinterpreted the question for potato farls and soda farls. Third-party response to the CMA questionnaire dated 19 November 2025.

²⁹² Third-party responses to the CMA questionnaire dated 19 November 2025. We note that one of these customers provided a response that was blank, however, it is clear it engaged with the question and so we have inferred no substitutes. Specifically, the customer identified an alternative for hot cross buns (Third-party response to the CMA questionnaire dated 19 November 2025).

²⁹³ Third-party call note.

²⁹⁴ Third-party responses to the CMA questionnaire dated 19 November 2025.

²⁹⁵ Third-party response to the CMA questionnaire dated 19 November 2025.

²⁹⁶ FMN, paragraph 12.37.

²⁹⁷ We asked competitors: 'The CMA is seeking to better understand the production process for the morning goods listed in the table below. In particular, the CMA would like to understand if dedicated production lines are used to manufacture each of these products, or whether a single production line is used to manufacture multiple different product types, such that suppliers can increase (or decrease) production of different products in response to changes in price across products. Please complete the table below.' In the table there were rows for relevant morning goods and columns that could be ticked if 'Produced using 'dedicated production lines' or if 'Not produced using 'dedicated' production line' and a column titled 'Explanation – for morning goods not produced using a 'dedicated' production line, please indicate which set(s) of morning good are manufactured on the same production line'.

²⁹⁸ Parties' response to the CMA's RFI dated 24 October 2025, paragraphs 16.1 and 16.4.

- (b) Hovis has a hotplate line that only produces pancakes. It is not active in crumpets in NI and has a separate hotplate line for soda farls and a separate one for potato farls.²⁹⁹
- (c) Two of the competitors that are active in pancakes in NI said that pancakes are produced on a dedicated line.³⁰⁰ One of these competitors explained that, for practical reasons, pancakes are usually made on a separate hotplate, because the temperature and travelling speed are different to that required to make farls.³⁰¹ Furthermore, its production process differs slightly in that pancakes are baked with some oil on the plate, whereas potato and soda farls are baked with flour on the plate. The competitor said the cleaning process and change of set-up can be uneconomical.³⁰²
- (d) Another competitor active in pancakes in NI said it had two dedicated lines for pancakes and one non-dedicated line, which also produced other products (Welsh cakes, blinis and pikelets).³⁰³

Potato farls

5.83 Evidence from customers indicates that, on the demand side,³⁰⁴ other morning goods are not effective alternatives to potato farls at the retail level.³⁰⁵ In particular, almost all customers identified no other morning good as an effective or very effective alternative to potato farls.³⁰⁶ For example, one customer explained that soda and potato farls are not substitutable as an Ulster fry, a popular Northern Irish breakfast, would include both soda and potato farls.³⁰⁷

²⁹⁹ Parties' response to the CMA's RFI dated 24 October 2025, paragraphs 16.1 and 16.4; and FMN, Table 26.

³⁰⁰ Third-party responses to the CMA questionnaire dated 20 November 2025.

³⁰¹ Three minutes for pancakes, 20 minutes for farls.

³⁰² Third-party call note.

³⁰³ Third-party response to the CMA questionnaire dated 20 November 2025.

³⁰⁴ The question asked to customers on substitutability did not specify geography. Here we focus on the views of NI customers given this is the geographic overlap we are considering. Some GB specific customers provided a view and had mixed views about potato farls with three indicating there were no effective substitutes and two indicating that there were substitutes including crumpets, scones and soda farls. Third-party responses to the CMA questionnaire dated 19 November 2025.

³⁰⁵ We asked customers the following: Please complete the table below with a list of morning goods products that can be considered as alternatives to the noted products. Provide an explanation for your rating. In the table the customer could identify alternatives and tick if they were effective or very effective.

³⁰⁶ Third-party responses to the CMA questionnaire dated 19 November 2025. We note that one of these customers provided a response that was blank, however, it is clear it engaged with the question and so we have inferred no substitutes. Specifically the customer identified an alternative for another product we asked about, hot cross buns (Third-party response to the CMA questionnaire dated 19 November 2025).

³⁰⁷ Third-party call note.

- 5.84 As set out above, crumpets, pancakes, soda farls and potato farls are all made using a hotplate line. There is some evidence of some suppliers³⁰⁸ using the same hotplate line for potato farls and soda farls, but not other products.³⁰⁹
- (a) AB has [✂] soda farls and potato farls, [✂] its pancake lines.³¹⁰
- (b) Similarly, one competitor in NI said that it produced potato farls and soda farls on the same dedicated production line.³¹¹ The competitor explained that while other products can in theory be manufactured on the same production line, this is not done for practical reasons.³¹²
- (c) Hovis has one production line dedicated to potato farls and a separate one dedicated to soda farls.³¹³

Soda farls

- 5.85 Evidence from customers indicates that, on the demand side,³¹⁴ other morning goods are not effective alternatives to potato farls at the retail level.³¹⁵ In particular, almost all customers identified no other morning good as an effective or very effective alternative to soda farls.³¹⁶
- 5.86 As set out above, crumpets, pancakes, soda farls and potato farls are all made using a hotplate line. There is evidence of some suppliers³¹⁷ using the same hotplate line for soda farls and potato farls, but not other products.

³⁰⁸ We asked competitors: 'The CMA is seeking to better understand the production process for the morning goods listed in the table below. In particular, the CMA would like to understand if dedicated production lines are used to manufacture each of these products, or whether a single production line is used to manufacture multiple different product types, such that suppliers can increase (or decrease) production of different products in response to changes in price across products. Please complete the table below:' In the table there were rows for relevant morning goods and columns that could be ticked if 'Produced using 'dedicated production lines' or if 'Not produced using 'dedicated' production line' and a column titled 'Explanation – for morning goods not produced using a 'dedicated' production line, please indicate which set(s) of morning good are manufactured on the same production line'.

³⁰⁹ No other supplier of potato farls in NI provided a response on the extent to which potato farls are made on dedicated production lines or not. Although one supplier in GB also said potato farls are produced on a dedicated line (Third-party response to the CMA questionnaire dated 23 January 2026).

³¹⁰ Parties' response to the CMA's RFI dated 24 October 2025, paragraphs 16.1 and 16.4.

³¹¹ Third-party response to the CMA questionnaire dated 20 November 2025; and Third-party call note.

³¹² Third-party call note.

³¹³ Parties' response to the CMA's RFI dated 24 October 2025, paragraphs 16.1 and 16.4.

³¹⁴ The question asked to customers on substitutability did not specify geography. Here we focus on the views of NI customers given this is the geographic overlap we are considering. Some GB specific customers provided a view and had mixed views about potato farls with three indicating there were no effective substitutes and two indicating that there were substitutes including crumpets, scones and potato farls. Third-party responses to the CMA questionnaire dated 19 November 2025.

³¹⁵ We asked customers the following: Please complete the table below with a list of morning goods products that can be considered as alternatives to the noted products. Provide an explanation for your rating. In the table the customer could identify alternatives and tick if they were effective or very effective.

³¹⁶ Third-party responses to the CMA questionnaire dated 19 November 2025. We note that one of these customers provided a response that was blank, however, it is clear it engaged with the question and so we have inferred no substitutes. Specifically, the customer identified an alternative for hot cross buns (Third-party response to the CMA questionnaire dated 19 November 2025).

³¹⁷ We asked competitors: 'The CMA is seeking to better understand the production process for the morning goods listed in the table below. In particular, the CMA would like to understand if dedicated production lines are used to manufacture each of these products, or whether a single production line is used to manufacture multiple different product types, such

- (a) AB has [X] soda farls and potato farls, [X] its pancake lines.³¹⁸
- (b) Similarly, one competitor in NI said that it produced potato farls and soda farls on the same dedicated production line and no other products use this line for practical reasons.³¹⁹
- (c) Hovis has one production line dedicated to potato farls and a separate one dedicated to soda farls.³²⁰
- (d) Another supplier of soda farls uses a dedicated production line and is not active in potato farls.³²¹

Provisional conclusion on individual morning goods

5.87 On the basis of the above, our provisional view is that each of pancakes, potato farls and soda farls is a distinct product market.

- (a) Primarily, this is because, on the demand side, customers consistently did not identify effective alternatives to pancakes, soda farls and potato farls.
- (b) On the supply side:
 - (i) evidence shows that in practice pancakes are generally made on different hotplate lines to other products such as crumpets, potato farls and soda farls.
 - (ii) there is evidence that some suppliers use the same production lines to produce both potato farls and soda farls, however, this is not the case for all suppliers and at least one soda farls supplier is not active in potato farls.

Private label and branded morning goods

5.88 The Parties are active in the supply of both branded and private label pancakes, potato farls and soda farls. We therefore considered whether, for each of these morning goods, private label and branded versions constitute distinct product markets, or whether they form part of the same market.

that suppliers can increase (or decrease) production of different products in response to changes in price across products. Please complete the table below:' In the table there were rows for relevant morning goods and columns that could be ticked if 'Produced using 'dedicated production lines' or if 'Not produced using 'dedicated' production line' and a column titled 'Explanation – for morning goods not produced using a 'dedicated' production line, please indicate which set(s) of morning good are manufactured on the same production line'.

³¹⁸ Parties' response to the CMA's RFI dated 24 October 2025, paragraphs 16.1 and 16.4.

³¹⁹ Third-party response to the CMA questionnaire dated 20 November 2025.

³²⁰ Parties' response to the CMA's RFI dated 24 October 2025, paragraphs 16.1 and 16.4.

³²¹ Third-party response to the CMA questionnaire dated 20 November 2025.

- 5.89 At the retail level, evidence from customers indicates that private label versions of each morning good are considered effective or very effective alternatives to branded versions from the perspective of end consumers.³²²
- (a) All customers considered that end consumers view private label pancakes as either an effective or very effective alternative to branded pancakes in NI.³²³
 - (b) Almost all customers considered that end consumers view private label potato farls as either an effective or very effective alternative to branded potato farls.³²⁴ For example, one customer that identified private label as an effective alternative said that there is substitution between branded and private label products, though there is also strong brand loyalty.³²⁵
 - (c) Almost all customers considered that end consumers view private label soda farls as either an effective or very effective alternative to branded soda farls.³²⁶
- 5.90 By contrast, evidence from competitors indicates that private label versions of soda farls and potato farls are not considered effective alternatives to branded versions from the perspective of end consumers and is mixed for pancakes.³²⁷
- (a) Half of competitors considered that end consumers view private label pancakes to be an effective alternative to branded pancakes,³²⁸ while the other half said they are not very effective as an alternative.³²⁹
 - (b) Two competitors considered private label potato farls were not very effective as an alternative to branded potato farls.³³⁰

³²² Customers were asked: please explain the extent to which you consider that end consumers view branded and private label versions of products listed in the table above as effective alternatives. This list included branded pancakes, branded potato farls and branded soda farls and private label could be rated as 'not at all effective', 'not very effective', 'effective' and 'very effective'.

³²³ Third-party responses to the CMA questionnaire dated 19 November 2025.

³²⁴ Third-party responses to the CMA questionnaire dated 19 November 2025. Only one customer considered that end consumers view private label to be a not very effective alternative to branded potato farls, explaining that potato farls have higher brander participation (Third-party response to the CMA questionnaire dated 19 November 2025).

³²⁵ Third-party response to the CMA questionnaire dated 19 November 2025.

³²⁶ Third-party responses to the CMA questionnaire dated 19 November 2025. Only one customer considered that end consumers view private label to be a not very effective alternative to branded soda farls, explaining that soda farls have higher brander participation (Third-party responses to the CMA questionnaire dated 19 November 2025).

³²⁷ Competitors were asked: please explain the extent to which you consider that end consumers view branded and private label versions of products listed in the table above as effective alternatives. This list included branded pancakes, branded potato farls and branded soda farls and private label could be rated as 'not at all effective', 'not very effective', 'effective' and 'very effective'.

³²⁸ Third-party responses to the CMA questionnaire dated 20 November 2025.

³²⁹ Third-party responses to the CMA questionnaire dated 20 November 2025.

³³⁰ Third-party responses to the CMA questionnaire dated 20 November 2025.

(c) Three quarters of competitors said private label soda farls are not very or not at all effective as an alternative to branded soda farls from the end consumer's perspective.³³¹

5.91 As set out when considering the market definition for plant bread, we also considered evidence on the extent to which branded products and private label products are demand side-substitutes at the wholesale level. We have received mixed evidence on the extent to which customers can switch between branded and private label products as set out above in relation to market definition for plant bread. In particular, while some customers may have the ability to substitute between the two, there are limits as some customers want to offer both and others only stock branded or only stock private label.

5.92 We have seen evidence from a series of AB documents which is consistent with private label and branded products being in the same market. For NI, these documents track its brand performance in pancakes, soda farls and potato farls; and compare AB's brand growth against other branded offerings and private label volumes for each product.³³²

Provisional conclusion on private label and branded morning goods

5.93 Based on the above, our provisional view is that branded and private label versions of each morning good form part of the same market.

5.94 While evidence from competitors was mixed (pancakes) or indicated they were not effective alternatives (potato farls and soda farls), we have placed more weight on the views of customers, as they are making decisions on which products to stock and are closer to end consumers. On that basis the evidence we have received indicates that branded and private label products are demand-side substitutes at the retail level and this is consistent with internal documents.

5.95 We recognise that there are limits on the extent to which suppliers' direct customers (eg GMs and convenience stores) can switch between the two at the wholesale level. This means that, all else equal, one branded offering is likely to be a closer alternative to another branded offering at the wholesale level than an equivalent private label offering (and vice versa).

5.96 This is reflected in our competitive assessment where we consider competition overall and within branded offerings and within private label offerings.

³³¹ Third-party responses to the CMA questionnaire dated 20 November 2025. We note that the one competitor that did rate private label and branded soda farls as effective alternatives does not currently manufacture these products and is not active in NI (Third-party response to the CMA questionnaire dated 20 November 2025).

³³² ABF Internal Document, Annex ABF005496 to the FMN dated 18 December 2025, pages 35, 49 and 59; ABF Internal Document, Annex ABF005559 to the FMN dated 18 December 2025, pages 33, 45 and 53; and ABF Internal Document, Annex ABF005547 to the FMN dated 18 December 2025, pages 35, 49 and 59.

Customer types

- 5.97 As set out in Chapter 4 above, there are a number of different customer types in NI. For morning goods, the vast majority of AB's volumes/revenues are accounted for by GMs and convenience stores.³³³ For Hovis the majority of volumes/revenues are accounted for by GMs and convenience stores.³³⁴
- 5.98 The evidence received does not indicate that competitive conditions differ between GMs and convenience customers. For example, both the Parties were regularly identified as current suppliers of pancakes,³³⁵ potato farls³³⁶ and soda farls³³⁷ by both GMs and convenience store customers.

Provisional conclusion on morning good product market definition

- 5.99 On the basis of the above, our view is that there are separate products markets for each of pancakes, soda farls and potato farls. These markets encompass both private label offerings and branded offerings and all customer types.
- (a) **Individual morning goods.** On the demand side, customers consistently did not identify effective alternatives to pancakes, soda farls and potato farls. On the supply side, evidence shows that in practice pancakes are generally made on different hotplate lines to other products such as crumpets, potato farls and soda farls. There is evidence that some suppliers use the same production lines to produce both potato farls and soda farls, however, this is not the case for all suppliers and at least one soda farls supplier is not active in potato farls.
- (b) **Branded and private label.** Private label versions of pancakes, potato farls and soda farls are considered by customers to be effective or very effective alternatives for end consumers to branded versions. While evidence from competitors was mixed (pancakes) or indicated they were not effective alternatives (potato farls and soda farls), we have placed more weight on the views of customers as they are making decisions on which products to stock and are closer to end consumers. This evidence suggests that branded and private label products are demand-side substitutes at the retail level and this is consistent with internal documents. We recognise that there are limits on

³³³ ABF's response to the CMA's s109 notice dated 16 January 2026, question 22.

³³⁴ Foodservice customers are more important for Hovis as they account for [10-20]% in soda farls, [20-30]% in pancakes and [20-30]% in potato farls (Hovis' response to the CMA's s109 notice dated 16 January 2026, Table 2).

³³⁵ Almost all GMs identified AB and more than half identified Hovis. All convenience customers identified Hovis and most identified AB. Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party responses to the CMA questionnaire dated 19 November 2025.

³³⁶ More than half of GMs identified AB and under half of GMs identified Hovis. All convenience customers identified Hovis and most identified AB. Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party responses to the CMA questionnaire dated 19 November 2025.

³³⁷ More than half of GMs identified AB and under half of GMs identified Hovis. All convenience customers identified Hovis and most identified AB. Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party responses to the CMA questionnaire dated 19 November 2025.

the extent to which suppliers' direct customers (eg GMs and convenience stores) can switch between the two at the wholesale level. This means that, all else equal, one branded offering is likely to be a closer alternative to another branded offering at the wholesale level than an equivalent private label offering (and vice versa). This is reflected in our competitive assessment where we consider competition overall and within branded offerings and within private label offerings.

- (c) **Customer types.** The vast majority of demand appears to be from GMs and convenience store customers for whom the same set of suppliers appear to be compete.

Geographic market definition: supply of morning goods

Parties' submissions

- 5.100 For the same reasons as set out for plant bread above, the Parties submitted that the most appropriate geographic frame of reference for morning goods is (i) GB; and (ii) that NI forms part of a wider market for the island of Ireland.³³⁸
- 5.101 In regard to the island of Ireland specifically, the Parties submitted that this is the correct geographic market for the overlapping NI morning goods as the vast majority of pancakes, soda farls and potato farls which are sold in ROI are produced in NI.³³⁹

Our assessment

- 5.102 As set out above in relation to plant bread, our focus has been on the supply side. In particular, we have considered which suppliers have the capabilities to and are supplying customers into geographic regions, as well as the extent to which there are differences in competitive conditions between different regions.
- 5.103 Below we set out our assessment of whether GB and NI are part of the same market or are distinct markets. We then set out our assessment of whether NI and ROI are part of the same market or whether NI is a distinct market.

GB and NI

- 5.104 In line with the Parties' submissions, our provisional view is that GB and NI are not part of the same geographic market.

³³⁸ FMN, paragraph 12.54.

³³⁹ Parties' response to the CMA's RFI dated 14 January 2026, paragraph 4.1.

- 5.105 On the demand side, two customers explained that end consumers in GB and NI have different preferences.³⁴⁰ For example, one customer said that pancakes, soda and potato farls are more traditionally a Northern Irish product. These products form an important part of the bakery offerings in NI stores. These products are not generally available across GB.³⁴¹
- 5.106 On the supply side, the Parties' submission on shares of supply (including Nielsen data) shows there are significant differences in the Parties' positions and the competitors active between GB and NI, showing that the conditions of competition are quite different.³⁴²

NI and ROI

- 5.107 As set out above, the Parties have submitted that the market is wider than NI as the vast majority of pancakes, soda farls and potato farls which are sold in ROI are produced in NI.³⁴³ We do not consider that focusing on ROI is an appropriate starting point. In particular, market definition starts with the overlap between the Parties.³⁴⁴ Therefore, the appropriate starting point is the overlap between the Parties in NI, and we then consider if the market should be widened to include ROI.
- 5.108 On this basis, we have considered the extent to which ROI suppliers are active in NI and whether the competitive conditions are the same based on:
- (a) evidence from competitors on the extent to which ROI suppliers face barriers to supplying customers in NI; and
 - (b) evidence from customers on the extent to which, at the wholesale level, they would consider ROI suppliers in general, and on the extent to which they currently use ROI suppliers and have identified specific ROI suppliers as being alternatives.
- 5.109 As set out above for plant bread, one competitor, that is also active in the supply of morning goods, said it was formerly based in ROI and that for ROI suppliers trying to supply morning goods into NI the 'hurdles are significant'.³⁴⁵ In addition, this

³⁴⁰ Third-party call note.

³⁴¹ Third-party call note.

³⁴² For example, in muffins the Parties' combined share in GB is [50-60]% compared to [10-20]% in NI, for fruit bread it is [40-50]% in GB compared to [10-20]% in NI, for pancakes it is [20-30]% in GB compared to [80-90]% in NI, in potato farls it is [0-5]% in GB compared to [50-60]% in NI and for soda farls it is [10-20]% in GB and [60-70]% in NI (FMN, Tables 25-26; and Parties' response to the CMA's RFI dated 24 October 2025, Annex 174).

³⁴³ Parties' response to the CMA's RFI dated 14 January 2026, paragraph 4.1.

³⁴⁴ [CMA129](#), paragraph 9.6 and footnote 154.

³⁴⁵ Third-party response to the CMA questionnaire dated 23 January 2026. The supplier made the same comment in relation to plant bread and morning goods.

competitor said that none of the ROI bakers have a hotplate line,³⁴⁶ soda and potato farls have no tradition in ROI for consumers and most of the pancakes in ROI are supplied by NI companies.³⁴⁷

- 5.110 We have identified one supplier of pancakes based in ROI – Pat the Baker.³⁴⁸ However, the Parties submitted that, to the best of their knowledge, Pat the Baker currently does not supply pancakes into NI (although the Parties submitted that it could easily do so in the future).³⁴⁹ Pat the Baker (and any other ROI supplier) not being active in NI is consistent with evidence from customers set out below.
- 5.111 Evidence from customers indicates that while they are open to using an ROI supplier, ROI suppliers are generally weaker options for customers and no customer reported currently using an ROI supplier for pancakes, soda farls or potato farls.
- (a) Over half of customers³⁵⁰ of the three morning goods (ie pancakes, soda farls and potato farls) indicated that they were open to using ROI suppliers.³⁵¹ However, less than half of customers said that ROI suppliers are generally weaker options for customers in NI (including some open to using ROI suppliers) and one said that they are not aware of ROI suppliers for morning goods. In particular:
- (i) One customer said that brand loyalty plays a bigger part in morning goods in NI so this would need to be taken into consideration.³⁵²
 - (ii) One customer said it would consider and already uses some ROI suppliers, but that GB brands are ‘essential’ in NI.³⁵³
 - (iii) One customer said that NI is a ‘different market’ from ROI.³⁵⁴
 - (iv) One customer said that Sunblest (an AB brand) and Ormo (a Hovis brand) along with Irwin’s have the strongest offering and there is ‘nothing competing from ROI’.³⁵⁵

³⁴⁶ The competitor noted that one ROI supplier has recently installed a second-hand travelling pancake plate to service ROI customers. However, the competitor also said that the pricing structures in NI are unattractive for ROI pancakes (Third-party response to the CMA questionnaire dated 23 January 2026).

³⁴⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

³⁴⁸ [Breakfast Goods | Pat the Baker](#) (last accessed on 24 March 2026). The Parties submitted that Pat the Baker is active in pancakes ([§<]), but that the branded potato farls it sells in ROI [§<] (Parties’ response to the CMA’s RFI dated 14 January 2026, paragraphs 4.2-4.3 and 11.30, and footnote 15).

³⁴⁹ Parties’ response to the CMA RFI dated 14 January 2026, paragraph 8.49.

³⁵⁰ Customers were asked: If you have stores in NI, please explain the extent to which you would consider ROI suppliers in relation to your stores in NI when selecting suppliers of: (b) Morning Goods (please explain if this is different for any specific morning goods).

³⁵¹ Third-party responses to the CMA questionnaire dated 19 November 2025.

³⁵² Third-party response to the CMA questionnaire dated 19 November 2025.

³⁵³ Third-party response to the CMA questionnaire dated 19 November 2025.

³⁵⁴ Third-party response to the CMA questionnaire dated 19 November 2025.

³⁵⁵ Third-party response to the CMA questionnaire dated 19 November 2025.

(d) For soda farls no customers³⁶² reported using ROI based suppliers with customers only identifying NI suppliers as current suppliers.³⁶³

5.112 A series of ABF internal documents provide evidence to suggest NI is a separate market from ROI for these morning goods. In particular, these documents include a 'Bakery & Bread Overview' for NI on a standalone basis and include slides on year-on-year and 12 week growth, average price, NI brand share and growth, and brand share by retailer in NI separately for pancakes, potato farls and soda farls.³⁶⁴

Provisional conclusion on morning good geographic market definition

5.113 Based on the above, our provisional view is that there is a standalone NI market (ie excluding ROI) for the: (i) supply of pancakes; (ii) supply of soda farls; and (iii) supply of potato farls. We provisionally consider it is not appropriate to widen the market to the whole of the island of Ireland.

5.114 While customers appear open to using suppliers from the ROI, in practice the vast majority of sales come from NI suppliers and only NI suppliers were consistently identified by customers as current suppliers.

5.115 To the extent that some GB or ROI suppliers are already active in NI this will be taken into account in the competitive assessment based on their current position in NI. Any ROI or GB suppliers not currently active in supplying to customers in NI will be considered as entrants (either in the competitive assessment if there are

questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); and [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025).

³⁶² Customers were asked at phase 1: Please list your current suppliers of branded and private label pancakes, soda farls and potato farls including the volumes that you procured during the 2024 calendar year. Please note that if the same supplier provides you with branded and private label morning goods, please use two rows for the branded and private label offerings respectively. At phase 2 customers were asked: Please list your current supplier(s) of branded and private label pancakes, soda farls and potato farls in NI and provide the volumes that you procured during the 2025 calendar year. If the same supplier provides you with branded and private label morning goods, please list the branded and private label volumes in separate rows.

³⁶³ [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026); [REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025; and Third-party response to the CMA questionnaire dated 23 January 2026). One customer only reported NI suppliers in 2025, but for 2024 did report using some GB suppliers for less than 10% of its volumes ([REDACTED] (Third-party response to the CMA questionnaire dated 19 November 2025).

³⁶⁴ For example, see ABF Internal Document, Annex ABF005496 to the FMN dated 18 December 2025, pages 32-65; ABF Internal Document, Annex ABF005559 to the FMN dated 18 December 2025, pages 30-57; and ABF Internal Document, Annex ABF005547 to the FMN dated 18 December 2025, pages 32-65.

pre-existing plans or with our assessment of entry as a countervailing factor if there are no pre-existing entry plans).

Provisional conclusion on morning goods market definition

5.116 In view of the above, we have provisionally concluded that, for the purposes of the assessment of the Merger, the relevant markets in morning goods are:

- (a) the supply of pancakes in NI.
- (b) the supply of soda farls in NI.
- (c) the supply of potato farls in NI.

6. COUNTERFACTUAL

Introduction

6.1 This chapter sets out the applicable framework for assessing the counterfactual and our assessment of, and provisional conclusions on, the appropriate counterfactual in this case.

Framework for assessing the counterfactual

6.2 Applying the SLC test involves a comparison of the prospects of competition with the merger relative to the most likely conditions of competition absent the merger (ie the counterfactual).³⁶⁵ The counterfactual is not a statutory test but rather an analytical tool used in answering the statutory question on the SLC test.³⁶⁶

6.3 The counterfactual is not intended to be a detailed description of the conditions of competition that would prevail absent the merger. Those conditions are better considered in the competitive assessment.³⁶⁷ The CMA will generally conclude on the counterfactual conditions of competition broadly – for anticipated mergers, the counterfactual may consist of the prevailing conditions of competition (that is existing levels of competition between market participants), or conditions of competition that involve stronger or weaker competition between the merger firms than under the prevailing conditions of competition.³⁶⁸ The CMA seeks to avoid predicting the precise details or circumstances that would have arisen absent the merger and will often focus on significant changes affecting competition between the merger firms, such as exit by one of the merger firms.³⁶⁹

6.4 Establishing the appropriate counterfactual is an inherently uncertain exercise and evidence relating to future developments absent the merger may be difficult to obtain. Uncertainty about the future will not in itself lead the CMA to assume the prevailing conditions of competition to be the appropriate counterfactual. As part of its assessment, the CMA may consider the ability and incentive (including but not limited to evidence of intention) of the merger firms to pursue alternatives to the merger, which may include reviewing evidence of specific plans where available.³⁷⁰

6.5 In determining the appropriate counterfactual, the CMA may consider whether, absent the merger, one of the merger firms is likely to have exited the market,

³⁶⁵ [CMA129](#), paragraph 3.13.

³⁶⁶ [CMA129](#), paragraph 3.1. In the case of an anticipated merger, the test is whether the merger may be expected to result in an SLC within any market or markets in the UK for goods or services ([section 36\(1\)\(b\)](#) of the Act).

³⁶⁷ [CMA129](#), paragraph 3.7; see also paragraphs 3.6 and 3.32.

³⁶⁸ [CMA129](#), paragraphs 3.2 and 3.9.

³⁶⁹ [CMA129](#), paragraphs 3.8 and 3.11.

³⁷⁰ [CMA129](#), paragraph 3.14.

ie the 'exiting firm' scenario.³⁷¹ In forming a view on an exiting firm scenario, the CMA will use the following framework of cumulative conditions:³⁷²

- (a) the firm is likely to have exited (through failure or otherwise)³⁷³ (**Limb 1**); and, if so
- (b) there would not have been an alternative, less anti-competitive purchaser for the firm or its assets to the acquirer in question (**Limb 2**).

6.6 Importantly, for the purpose of Limb 2, the CMA will consider alternative purchasers that would have operated the business as a competitor.³⁷⁴

6.7 Where the CMA concludes that both limbs are met, then it will find that the merger may not be expected to result in an SLC.³⁷⁵ This is because in a scenario in which one of the merging firms would exit absent the merger, the competitive constraint posed by that firm would be lost in any event through that exit, such that the loss of that competitive constraint as a result of the merger would not be expected to result in an SLC.

Limb 1: Likelihood of exit

Introduction

6.8 Where a firm may be exiting because of financial failure, consideration is given both to whether the firm is unable to meet its financial obligations in the near future and to whether it is unable to restructure itself successfully. In practice, the CMA will carefully examine the firm's profitability over time, its cash flows and its balance sheet in order to determine the profile of assets and liabilities. The CMA may consider the action the management has taken to address the firm's position and will review contemporaneous internal documents such as board minutes, management accounts and strategic plans. If the firm is part of a larger corporate group, the CMA will also consider the parent company's ability and incentive to provide continued financial support.³⁷⁶

³⁷¹ [CMA129](#), paragraph 3.16.

³⁷² [CMA129](#), paragraph 3.21.

³⁷³ While the exiting firm scenario is most commonly considered when one of the firms is said to be failing financially, exit may also be for other reasons, for example because the target firm's corporate strategy has changed ([CMA129](#), paragraph 3.22).

³⁷⁴ [CMA129](#), paragraph 3.30.

³⁷⁵ [CMA129](#), paragraph 3.23.

³⁷⁶ [CMA129](#), paragraph 3.28.

ABF's submissions

- 6.9 ABF submitted that Limb 1 was satisfied, and that absent the Merger, AB (in both GB and NI) would be likely to exit the market in the foreseeable future.^{377,378} In particular, ABF submitted that:
- (a) AB's sales had declined, with its Kingsmill brand no longer representing a meaningful competitive constraint;³⁷⁹
 - (b) AB had been loss-making [X], with cumulative operating losses of around £[X] million over the past 14 years. It further submitted that over the most recent five-year period, AB's operating losses had averaged around £[X] million per annum, with AB recording an operating loss of around £[X] million in 2024/25, despite having already implemented extensive cost-reduction and efficiency measures;³⁸⁰
 - (c) AB had undertaken multiple rounds of restructuring and cost reduction, for example reducing central overheads by around [X]% since 2017/18; closing bakeries and production lines following the loss of major contracts; rationalising its depot network; reducing its fleet size, and optimising routing within its distribution network. It submitted that these measures have left central, site-level and logistics overheads at minimum viable levels for a firm operating a nationwide bakery business with DTS capability. ABF submitted that [X];³⁸¹
 - (d) ABF and AB had considered a number of restructuring options to address AB's ongoing losses, including assessments undertaken by AB, ABF and external consultants,³⁸² and there was no prospect of AB ever returning to profitability other than through the Merger;³⁸³
 - (e) in [X] 2018, [X] informed AB that it was terminating its private label supply contract with AB. By [X] 2020, AB had ceased supplying [X] with private label plant bread, and this accounted for around [X]% (or [X] million loaves per week (**lpw**)) of AB's supply of plant bread in the UK.³⁸⁴ In [X] 2021, AB ended its supply agreement with [X] for Kingsmill plant bread and private label after being unable to find a commercially sustainable agreement to supply these products.³⁸⁵ In [X] 2023, [X] delisted the vast majority of

³⁷⁷ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 3.31 and 3.32.

³⁷⁸ In support of ABF's submissions on Limb 1, [X] undertook detailed financial analysis on AB, which included a paper submitting that AB's financial position is unsustainable and that there are no viable solutions to return AB to profitability if the Merger does not go ahead. FMN, summary paragraph 4 and Annexes 1-4 to the FMN dated 18 December 2025.

³⁷⁹ FMN, paragraph 10.36.

³⁸⁰ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.6.

³⁸¹ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.15.

³⁸² FMN, paragraph 10.48

³⁸³ FMN, summary paragraphs 3 and 6, and paragraphs 10.36 and 10.39.

³⁸⁴ ABF internal document, Annex 6 to the FMN dated 18 December 2025, paragraph 2.1.

³⁸⁵ ABF internal document, Annex 6 to the FMN dated 18 December 2025, paragraph 13.

Kingsmill branded products from its stores which represented around [REDACTED]% of AB's total volumes of Kingsmill bread at the time.³⁸⁶ ABF submitted that this '[REDACTED]';³⁸⁷

- (f) the ABF board determined at its [REDACTED] 2024 board meeting that either the Merger proceeds or that AB must be shut down and liquidated.³⁸⁸ ABF submitted that, as instructed by the board, [REDACTED];³⁸⁹ and
- (g) while AB's NI bakery operations (**AB NI**) recorded a small profit, this was based on production in the NI bakery (some of which was production for GB), and AB NI also relied on AB's GB operations for supply of certain products and for head office support. Taking into account the impact of closing AB's GB operations [REDACTED].³⁹⁰ It submitted that there was no credible business rationale for ABF to [REDACTED].³⁹¹ ABF submitted that for the purposes of decision-making, ABF considered AB on a UK-wide basis, and that [REDACTED].³⁹²

Our assessment

6.10 To assess whether AB would likely have exited absent the Merger (Limb 1), we considered:

- (a) ABF's exit discussions;
- (b) AB's financial performance;
- (c) actions pursued to improve the performance of AB;
- (d) strategic options to improve the performance of AB that were considered by ABF, but not pursued;
- (e) possible options to restructure the business that have not been considered by ABF;
- (f) ABF's incentive to retain AB in the context of the financial and strategic value of AB to the ABF group; and
- (g) whether an exit by ABF would cover the whole of the UK, or whether ABF would retain AB's NI operations given AB's NI operations are profitable.

³⁸⁶ ABF internal document, Annex 6 to the FMN dated 18 December 2025, paragraph 41.1.

³⁸⁷ ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, paragraphs 14.2 and 14.3.

³⁸⁸ FMN, summary paragraph 3, and paragraphs 10.37 and 10.51.

³⁸⁹ FMN, paragraph 10.52.

³⁹⁰ FMN, summary paragraph 55.

³⁹¹ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.31.

³⁹² FMN, paragraph 10.55.

ABF exit discussions

- 6.11 Over time ABF has considered a range of options for the AB business including closure of the AB business (our assessment of the other options considered for the AB business is set out in the sections below).
- 6.12 The evidence before us shows that, beginning at the latest in 2018, ABF engaged in various restructuring and cost-reduction measures aimed at addressing AB's financial difficulties (see paragraph 6.36), and that since at least [REDACTED] 2021 the ABF board has viewed AB's business model as not sustainable, with the board minutes from around this time noting financial difficulties.³⁹³ The minutes recording the board meeting held on [REDACTED] 2022 noted the AB CEO's understanding of the [REDACTED], which could ultimately lead to the total closure of AB in GB.³⁹⁴
- 6.13 Following the [REDACTED] 2022 ABF board meeting, ABF engaged [REDACTED] to assess potential options available to improve AB's financial position. As explained further below, a report prepared by [REDACTED] in [REDACTED] 2023 considered various options for AB, including exit (the [REDACTED] Report). It concluded that '[REDACTED]' due to negative net present values (NPVs) for the remaining options. ABF's CEO summarised the findings of the [REDACTED] Report to the ABF board at the [REDACTED] 2023 board meeting.³⁹⁵
- 6.14 The possible closure of the AB business was also considered by the ABF board at the board meetings held on [REDACTED] 2024 and [REDACTED] 2024. The internal documents related to those board meetings record that the board was largely pessimistic regarding AB's financial performance and prospects, despite previous restructuring efforts, and that the Merger or exit were the only options being considered by the ABF board at the time. For example:
- (a) The minutes of ABF's board meeting held on [REDACTED] 2024 state that ABF's CEO '[REDACTED]'.³⁹⁶
 - (b) The presentation used by ABF's CEO at the [REDACTED] 2024 board meeting notes an overall decline in the plant bread market; that creating a more sustainable distribution model had not been effective; and that there had been significant volume loss for AB. The presentation identified the 'only two options' available to ABF, ie '[REDACTED]'.³⁹⁷
 - (c) The minutes of the ABF board meeting held on [REDACTED] 2024 state that the ABF CEO updated the board in relation to negotiations with Endless regarding the purchase of the Hovis business and the board '[REDACTED]'.³⁹⁸

³⁹³ ABF Internal Document, Annex ABF005512 to the FMN dated 18 December 2025, pages 1-2.

³⁹⁴ ABF Internal Document, Annex ABF005508 to the FMN dated 18 December 2025, page 1.

³⁹⁵ ABF Internal Document, Annex ABF004259 to the FMN dated 18 December 2025, page 5.

³⁹⁶ ABF Internal Document, Annex ABF006011 to the FMN dated 18 December 2025, page 4.

³⁹⁷ ABF Internal Document, Annex ABF005064 to the FMN dated 18 December 2025.

³⁹⁸ ABF Internal Document, Annex ABF005505 to the FMN dated 18 December 2025.

(d) The speaking notes used by ABF's Finance Director at the [REDACTED] 2024 ABF board meeting indicate that the board was told that '[REDACTED]' and that it was recommended to '[REDACTED]' and if this should fail to develop and implement a '[REDACTED]'.³⁹⁹

6.15 We note that the [REDACTED] and [REDACTED] 2024 board minutes provide very limited detail of what was actually discussed in relation to the options available to ABF in relation to AB and do not record a formal decision by the ABF board to exit the UK bakery business if the Merger does not proceed. The [REDACTED] 2024 board minutes also refer only to 'the two options', without providing any detail on what each of those options is. ABF submitted that the level of detail contained in the board minutes reflects [REDACTED] and is consistent with other updates related to mergers and acquisitions.⁴⁰⁰ Based on our review, the level of detail provided in the [REDACTED] and [REDACTED] 2024 board minutes appears consistent with the level of detail provided in the section dealing with other proposed acquisitions in other board minutes (eg in the board minutes of [REDACTED] 2021 and [REDACTED] 2022).⁴⁰¹

6.16 Conversely, the evidence shows that the ABF board discussed and considered the Merger in detail, and reached formal decisions in relation to the Merger, in subsequent board meetings held between [REDACTED] and [REDACTED] 2025. For example:

(a) The presentation entitled '[REDACTED]' dated [REDACTED] 2025, which was submitted to the board, considered several issues related to the Merger (eg transaction rationale, due diligence findings, synergies, and the share purchase agreement) and sought board approval to reconfirm the non-binding offer for Hovis.⁴⁰²

(b) The minutes of the board meeting held on [REDACTED] 2025 show that the board discussed certain issues related to the Merger ([REDACTED]) and state that '[REDACTED]'.⁴⁰³

(c) The slides presented to the board at the [REDACTED] 2025 board meeting entitled '[REDACTED]' consider several issues related to the Merger, including synergies and integration.⁴⁰⁴

(d) The paper submitted to the board for the [REDACTED] 2025 board meeting entitled '[REDACTED]' considers several issues related to the Merger (eg an update on the

³⁹⁹ ABF Internal Document, Annex ABF005110 to the FMN dated 18 December 2025.

⁴⁰⁰ ABF referred to specific updates recorded in the [REDACTED] 2024 board minutes in relation to other [REDACTED] considered by ABF (Parties' response to the CMA RFI dated 14 January 2026, question 12(b)).

⁴⁰¹ ABF Internal Document, Annex ABF005512 to the FMN dated 18 December 2025; and ABF Internal Document, Annex ABF005508 to the FMN dated 18 December 2025.

⁴⁰² ABF Internal Document, Annex ABF005346 to the FMN dated 18 December 2025.

⁴⁰³ ABF Internal Document, Annex ABF005603 to the FMN dated 18 December 2025.

⁴⁰⁴ ABF Internal Document, Annex ABF005409 to the FMN dated 18 December 2025.

Merger, synergies, and the investment costs required to deliver the business plan synergies).⁴⁰⁵

- (e) The ABF presentation entitled '[REDACTED]' dated [REDACTED] 2025 considers several issues related to the Merger (eg transaction overview, key risks considerations, due diligence findings, and the key changes from the [REDACTED] 2025 board paper) and seeks board approval to sign the transaction documents.⁴⁰⁶

- 6.17 Alongside negotiations of the Merger, ABF took several steps related to the possible closure of AB.⁴⁰⁷ In particular, it: (i) [REDACTED];⁴⁰⁸ (ii) [REDACTED];⁴⁰⁹ and (iii) [REDACTED].⁴¹⁰ During the CMA's review of the Merger, [REDACTED].⁴¹¹
- 6.18 We note that ABF and Hovis (or its owners at the relevant times) have discussed a potential transaction or some form of collaboration at various points since at least [REDACTED] 2007, and the [REDACTED] and [REDACTED] 2024 board discussions on exit, and the steps taken in connection with the possible closure of AB, were contemporaneous with ongoing negotiations related to the Merger as described in Chapter 2 above.
- 6.19 When considering any exiting firm argument, the CMA will usually attach greater weight to evidence that has not been prepared in contemplation of the merger.⁴¹² It is clear that the Merger was in contemplation when the internal documents described above that refer to the possible closure of AB were created and we have borne this carefully in mind when considering how much weight we should place on them. We have taken the internal documents described above into account as part of an in the round assessment with the other evidence discussed below.

AB's financial performance

- 6.20 In assessing AB's financial performance, we have had regard to the wider context in which the business operates. There have been a number of market-wide factors affecting revenues and profitability across the sector, including: (i) the long-term decline in demand for plant bread; (ii) a shift in sales within plant bread from higher-margin branded bread to lower-margin private label bread;⁴¹³ (iii) consumer preferences shifting from plant bread to less processed bread products such as sourdough; and (iv) significant cost increases which have only been partially

⁴⁰⁵ ABF Internal Document, Annex ABF005798 to the FMN dated 18 December 2025.

⁴⁰⁶ ABF Internal Document, Annex ABF005429 to the FMN dated 18 December 2025.

⁴⁰⁷ FMN, paragraph 10.52.

⁴⁰⁸ ABF Internal Document, Annex ABF006019 to the FMN dated 18 December 2025.

⁴⁰⁹ ABF Internal Document, Annex ABF005411 to the FMN dated 18 December 2025.

⁴¹⁰ ABF Internal Document, Annex ABF005342 to the FMN dated 18 December 2025.

⁴¹¹ ABF Internal Document, Annex ABF219 to ABF's response to the CMA's section 109 notice dated 16 January 2026.

⁴¹² When considering any exiting firm argument, the CMA will usually attach greater weight to evidence that has not been prepared in contemplation of the merger. It may be particularly important in the context of an exiting firm scenario for the CMA to understand the rationale for the transaction under review (ie to consider why the purchaser is acquiring a firm or its assets in the context of claims that it would have exited from the market) ([CMA129](#), paragraph 3.24).

⁴¹³ When comparing the relative margins of branded and private label plant bread, we refer to the margins earned at the manufacturing level of the supply chain, where the Parties are active, not the margins that may be earned by retailers on sales of plant bread to end consumers.

passed on to customers, or been passed on with a delay. We set out the evidence for each of these factors below.

- 6.21 In relation to the long-term decline in plant bread demand, our assessment shows that plant bread volumes in the UK have declined by around [X]% from [X] million loaves per week in 2014 to [X] million lpw in 2024.⁴¹⁴ The CMA's 2023 Groceries Report also identified bread as a product category which has been in long-term decline as consumer preferences gradually change.⁴¹⁵ The evidence from third parties also indicates that demand for plant bread has been in decline. For example:
- (a) A GM told us that consumer preferences are changing; the popularity of plant bread is declining; and customers are increasingly turning to alternatives of plant bread.⁴¹⁶
 - (b) Another GM told us that plant bread sales had been in decline for a long period with customers preferring alternatives such as sourdough and seeded loaves. It also told us that growth in categories like sourdough and wraps was not enough to offset the drop in plant bread volumes.⁴¹⁷
 - (c) A competitor told us that customers typically shared reviews of performance for individual products, especially in the context of plant bread as a declining category, and adjusted ranges, giving more space to morning goods in areas where these are growing. It added that each year plant bread was under a lot of pressure because of the decline of the category.⁴¹⁸
- 6.22 In relation to consumer preferences shifting from higher-margin branded products to lower-margin private label products, between 2004 and 2024, the share of GB supply accounted for by private label increased from 27% to 40% at the expense of higher-margin branded products.⁴¹⁹ An increasing proportion of AB's sales volumes are accounted for by private label sales, with private label sales now accounting for [X]% of sales by volume (an increase from [X]% in the financial year 2020/2021).⁴²⁰ This increasing reliance on these lower margin sales has in turn impacted AB's profitability. This trend was also identified in the CMA's 2023 Groceries Report, which stated that between September 2021 and September 2023, the bread product category saw: (i) branded market share decline by seven

⁴¹⁴ CMA calculations based on data in FMN, summary paragraph 15.

⁴¹⁵ See: CMA, '[Price inflation and competition in food and grocery manufacturing and supply](#)', 29 November 2023, paragraph 4.65 (last accessed on 24 March 2026).

⁴¹⁶ Third-party call note.

⁴¹⁷ Third-party call note.

⁴¹⁸ Third-party call note.

⁴¹⁹ FMN, paragraph 2.3.4; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 5.1.3.

Private label's share of the NI market is [X]% (by volume). See Table 4.1 in Chapter 4 above.

⁴²⁰ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.4(b)(i).

percentage points to 47%; (ii) volumes decline by 17% for branded, and volumes increase by 12% for 'own-label'; and (iii) 'very significant' switching to own-label.⁴²¹

- 6.23 The Parties submitted that market-wide factors which have affected profitability include significant increases in labour, energy and materials costs that have only been partially passed on to customers, as well as delays in recovering cost increases. Consistent with this, one competitor told us that inflation of commodities (including energy, fuel, and wheat) combined with underlying inflation in labour and other overheads, necessitated engaging in negotiations with customers around price increases of its products to cover those costs. The same competitor explained that those negotiations did not guarantee acceptance by retailers, whose main challenge was passing on price increases to consumers. It added that bakery was very competitive, and having competitive prices for bread and milk was crucial for customers, as these products were big footfall drivers with high penetration.⁴²²
- 6.24 One GM told us that supermarkets are under constant pressure to offer the lowest possible prices on bread, even if that creates longer-term challenges. However, the same GM also told us that bread is not a loss leader, and despite its low shelf price, it is able to maintain a margin on this category of product, in an otherwise extremely low margin business.⁴²³
- 6.25 The CMA's July 2023 report titled 'Competition, choice and rising prices in groceries' notes that GMs generally consider it important to maintain, or at least be close to, the lowest market price for popular consumer items such as plant bread, eggs and milk. These are 'known value items' which consumers are generally familiar with the prices of and if they are not priced competitively, can indicate that the GM is 'bad value'. Therefore, GMs are incentivised to keep prices on these items low, to entice customers.⁴²⁴
- 6.26 More generally, the CMA's 2023 Groceries Report also identified bread as a low margin category and stated that '[p]ublic financials show that net profit for bread manufacturers is typically below 5% of revenue. It is common for manufacturers to make a loss in this category: Allied Bakeries, Frank Roberts [Roberts], Jackson's [Jacksons] and Hovis have all had negative net profit in their latest publicly reported financials'.⁴²⁵ Jacksons (September 2023) and Roberts (October 2025) are recent examples of bread businesses that were acquired in a pre-packaged

⁴²¹ See: CMA, '[Price inflation and competition in food and grocery manufacturing and supply](#)', 29 November 2023, Figure 3 and paragraph 4.85 (last accessed on 24 March 2026).

⁴²² Third-party call note

⁴²³ Third-party call note

⁴²⁴ See: CMA, '[Competition, choice and rising prices in groceries](#)', July 2023, paragraph 3.48.

⁴²⁵ See: CMA, '[Price inflation and competition in food and grocery manufacturing and supply](#)', 29 November 2023, paragraph A.21 of Appendix A ([Appendix A: Evidence and findings for individual product categories](#)) (last accessed on 24 March 2026).

administration process⁴²⁶ and Brace's announced that it was closing its Blackwood factory and looking for potential buyers.⁴²⁷ Earlier this year Morrisons announced the closure of its Rathbones bakery.⁴²⁸

- 6.27 Against these market-wide factors, we note that there are factors specific to AB, which have adversely impacted AB's financial performance, including:
- (a) declining sales of its Kingsmill brand. For example, volumes of Kingsmill sold in the UK declined by around [X]% from [X] million lpw (or [X]% share) to [X] million lpw (or [X]% share) between 2004 and 2024;⁴²⁹ and
 - (b) AB has a high fixed cost base, through operating its production facilities and its nationwide logistics capability required to deliver plant bread DTS, as stipulated by some GMs.^{430,431} As a result, the reduction in volumes experienced by AB has had a significant impact on the business as there has been no corresponding reduction in fixed costs. This is compounded by the reduction in margins from the shift to lower margin private label plant bread and the increase in underlying costs such as energy, labour and raw materials outlined in paragraphs 6.22 and 6.23 above.
- 6.28 ABF does not report AB's financial performance separately in its statutory accounts in the ordinary course of business. Based on AB's management accounts, AB reported operating losses [X], with cumulative operating losses of around £[X] million over the past 14 years (see Appendix A). For the purposes of our assessment, we have focused on AB's performance over the most recent five financial years (based on its management accounts). This is set out in Table 6.1 below.

⁴²⁶ See: [Jacksons the Bakers saved from administration](#) (last accessed on 24 March 2026) and [Roberts Bakery rescued after filing administration notice](#) (last accessed on 24 March 2026).

⁴²⁷ See: [Welsh family-run bakery business plan to close factory site](#), (last accessed on 24 March 2026). We note that [X] (Third-party response to the CMA questionnaire dated 19 November 2025).

⁴²⁸ See: [Morrisons to shutter Rathbones bakery site putting 115 jobs at risk](#) (last accessed on 24 March 2026).

⁴²⁹ FMN, paragraph 10.43.2.

⁴³⁰ FMN, paragraphs 14.88, 14.95 and 18.78. Third-party call note.

⁴³¹ Other external market events which have had an impact on AB's costs over the last five financial years include the impact of the Ukraine war on energy and raw material costs, and the disruption caused by Covid, specifically, regarding the availability and cost of drivers. FMN, paragraphs 16.1 and 10.18.3-10.18.4. Third-party call note. ABF internal documents, Annexes ABF006254 and ABF006206 to ABF's response to the CMA's section 109 notice dated 1 October 2026.

Table 6.1: AB business' consolidated Profit & Loss Statement from 2020/21 to 2024/25

	£m				
	2020/21	2021/22	2022/23	2023/24	2024/25
3rd party sales	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Intra-group sales	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total revenue	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit After Raw Materials	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Trading profit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operating Profit including	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
s					

Source: Source: AB's management accounts. (ABF Internal Documents to ABF's response to the CMA's section 109 Notice, dated 1 October 2025, question 3; and ABF Internal Document to ABF's response to the CMA's RFI, dated 13 March 2026, question 1).

6.29 Based on Table 6.1 above and our analysis of ABF's internal documents, over the last five financial years:

- (a) AB's total revenues have been volatile, and its annual operating losses ranged from -£[REDACTED] million in 2023/24 to -£[REDACTED] million in 2021/22, with a cumulative -£[REDACTED] million operating loss over this five-year period.
- (b) While AB's revenues increased from £[REDACTED] million in 2022/23 to £[REDACTED] million in 2023/24, this was largely due to AB's contract to supply [REDACTED]. This added some £[REDACTED] million of additional revenue for that year that did not continue into the 2024/25 financial year.⁴³² In 2024/2025, revenues declined to £[REDACTED] million.
- (c) AB generated negative operating margins in each of the five most recent financial years (ranging from -[REDACTED]% in 2021/22 to -[REDACTED]% in 2023/24), with a negative operating margin of -[REDACTED]% in the latest 2024/25 financial year.⁴³³

6.30 Given that AB also sells products to, and purchases raw materials from, other ABF group entities, we reviewed the intra-group transactions that take place between AB and other ABF group entities to consider their potential to distort AB's financial performance.

6.31 Based on our assessment, there are limited intra-group transactions between AB and the rest of the ABF group, with AB's most material intra-group transaction (£[REDACTED] million in 2024/25) being with Allied Mills Limited (**AM**),⁴³⁴ a wholly-owned ABF subsidiary which supplies flour to AB.⁴³⁵ [REDACTED].⁴³⁶

⁴³² ABF internal document, Annex ABF006350 to ABF's response to the CMA's section 109 notice dated 1 October 2025; and ABF internal document, Annex ABF007096 to ABF's response to the CMA's section 109 notice dated 21 November 2025.

⁴³³ CMA analysis of ABF internal documents, Annexes ABF006398, ABF006350, ABF006303, ABF006254 and ABF006206 to ABF's response to the CMA's section 109 Notice, dated 1 October 2025.

⁴³⁴ ABF internal documents, Annexes 159 and 160 to ABF's response to the CMA's section 109 notice dated 1 October 2025.

⁴³⁵ FMN, paragraph 3.5.

⁴³⁶ CMA calculations based on analysis of Annex 0002 to the FMN dated 18 December 2025. The profit adjustments for 2022/23, 2023/24 and 2024/25 respectively are £[REDACTED] million, £[REDACTED] million and £[REDACTED] million (FMN, paragraph 10.100).

- 6.32 Our assessment has confirmed that AB's financial performance has not been materially distorted by intra-group transactions between AB and other ABF group entities. Accordingly, we consider that the figures set out in Table 6.1 above present a fair picture of the losses sustained by AB.
- 6.33 Notwithstanding AB's sustained losses, ABF has continued to provide financial support to AB. We consider that ABF would have the ability to continue to provide financial support for AB, noting that: (a) ABF has funded AB's losses since 2010/11; and (b) ABF, for its financial year to 13 September 2025, generated consolidated revenues of £19.5 billion, an operating profit of £1.5 billion and cash flows from operating activities of £2.2 billion, and as at 13 September 2025, held net cash before lease liabilities of around £0.4 billion.⁴³⁷

Actions pursued to improve performance

- 6.34 ABF's 2018/19 annual report stated that '[a]t Allied Bakeries we are committed to reducing the operating losses this coming year, with a programme of cost reductions. These follow the closure of the Cardiff bakery at the end of the financial year'.⁴³⁸ The evidence from internal documents indicates that ABF and AB senior management discussed the need for restructuring the AB business, including the closure of bakeries and production lines, on several occasions over a number of years to address AB's financial difficulties and return AB to profitability. For example:
- (a) An email sent by the AB CEO to members of AB management on [REDACTED] 2022 states that '[REDACTED]'. The email further states that: '[REDACTED]'.⁴³⁹
 - (b) The board paper presented by the ABF CEO to the board on [REDACTED] 2022 stated that AB '[REDACTED]'.⁴⁴⁰ It also stated that '[REDACTED]' and '[REDACTED]'.⁴⁴¹
 - (c) The minutes of the board meeting held on [REDACTED] 2022 stated that the AB CEO '[REDACTED]' and '[REDACTED]' during the course of that financial year.⁴⁴²
- 6.35 The need for restructuring the AB business, including the closure of bakeries, is also discussed in other ABF internal documents. For instance, an internal presentation dated [REDACTED] 2024 states '[REDACTED]' and discusses plant closures.⁴⁴³

⁴³⁷ See: [Associated British Foods plc - Annual Report 2025](#), pages 1 and 158 (last accessed on 24 March 2026).

⁴³⁸ See: [ABF 2018/19 annual report](#), page 6 (last accessed on 24 March 2026).

⁴³⁹ ABF Internal Document, Annex 7094 to the ABF's response to the CMA's section 109 notice dated 21 November 2025.

⁴⁴⁰ ABF Internal Document, Annex 29(c) to the FMN dated 18 December 2025, page 1.

⁴⁴¹ ABF Internal Document, Annex 29(c) to the FMN dated 18 December 2025, page 2.

⁴⁴² ABF Internal Document, Annex ABF005508 to the FMN dated 18 December 2025, page 1.

⁴⁴³ ABF internal document, Annex 7080 to the ABF's response to the CMA's section 109 notice dated 21 November 2025, slides 2 and 7. Previous internal presentations discussing closures include ABF internal documents, Annexes 17, 32, 39a and 45 to the FMN dated 18 December 2025.

- 6.36 The first set of measures implemented to return AB to profitability involved multiple rounds of cost reduction and restructuring. For instance:⁴⁴⁴
- (a) AB has reduced central overheads since the financial year 2017/2018, including significant reductions in sales, marketing, category management and IT functions and the elimination of discretionary marketing spend;⁴⁴⁵
 - (b) Since 2018, ABF has closed two bakeries, five production lines and five depots following the loss of major contracts to rationalise its bakery footprint and reduce cost. This has resulted in a production capacity reduction from [REDACTED] million lpw in April 2019 to [REDACTED] million lpw in August 2024;⁴⁴⁶ and
 - (c) AB has reduced its fleet size.
- 6.37 The second set of measures implemented to return AB to profitability sought to improve cost recovery through price increases and volume growth.
- (a) ABF submitted that AB has achieved some price increases in recent years. However, AB submitted that these have fallen short of input cost inflation (mainly due to increases in energy, wheat and distribution costs), which has increased average unit costs over the same period.⁴⁴⁷ ABF noted that AB has not been able to pass through its full cost increases, and [REDACTED].⁴⁴⁸ For instance, the evidence indicates that ABF lost the [REDACTED] contract as they were not able to '[REDACTED]'⁴⁴⁹ or find a way in which to continue to supply to [REDACTED].⁴⁵⁰
- 6.38 ABF submitted that AB continues to participate in [REDACTED], such as [REDACTED].⁴⁵¹ However, ABF submitted that these efforts have yielded only marginal gains and have been more than offset by losses of major contracts and branded listings.⁴⁵² ABF further noted that any material increase in volumes would require either lower prices or additional investment, both of which would further undermine profitability.⁴⁵³
- 6.39 AB's financial performance over the last five financial years (see paragraphs 6.28 to 6.32 above) shows that these measures have not (or have not yet) been successful in returning AB to profitability under its current business model. We also note ABF's submission above that there is no scope to reduce AB's costs further. In the following sections, we consider whether AB is unable to restructure

⁴⁴⁴ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 3.13-3.14.

⁴⁴⁵ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, paragraph 9.

⁴⁴⁶ AB closed [REDACTED] (ABF internal document, Annex 0006 to the FMN dated 18 December 2025; and Parties' teach-in slides, 21 January 2026, slide 19).

⁴⁴⁷ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, Figure 2.

⁴⁴⁸ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.16.

⁴⁴⁹ ABF internal document, Annex 0006 to the FMN dated 18 December 2025, paragraph 13.2; ABF internal document, Annex ABF001266 to the FMN dated 18 December 2025, page 2.

⁴⁵⁰ ABF internal document, Annex 0006 to the FMN dated 18 December 2025, paragraph 10.1.3.

⁴⁵¹ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, section 2.1.2; ABF Internal Document, Annex 0121 to ABF's response to the CMA's RFI dated 24 October 2025.

⁴⁵² ABF internal document, Annex 0004 to the FMN dated 18 December 2025, section 2.2.1.

⁴⁵³ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.17.

itself successfully by assessing the options ABF has considered but not pursued, and options ABF has not considered, but which could be pursued.

Strategic options considered but not pursued

- 6.40 In this section, we consider the options to return AB to profitability which ABF explored but did not pursue, in order to assess whether AB is unable to restructure itself successfully.⁴⁵⁴
- 6.41 We set out: (a) ABF's submissions on the various options it considered but ultimately did not pursue; (b) our general approach to the weight we placed on ABF's internal documents and materials prepared on ABF's and AB's behalf; and (c) our assessment of the various options.

ABF's submissions

- 6.42 ABF submitted that ABF and AB (including with input from external consultants) have considered a wide range of potential [REDACTED] options to return AB to profitability,⁴⁵⁵ including:
- (a) [REDACTED] considering a '[REDACTED]' model and a '[REDACTED] model', whereby: [REDACTED]. ABF submitted that [REDACTED]. ABF submitted that [REDACTED].
 - (b) Various joint ventures with Hovis, [REDACTED]. Further, those options [REDACTED].
 - (c) An in-depth analysis of AB's position by [REDACTED] in the context of the market dynamics, which considered transformation, scale back, full merger, a distribution JV and exit. [REDACTED] concluded that the Merger was the only viable option other than exit.⁴⁵⁶
- 6.43 ABF submitted that none of these [REDACTED] options would [REDACTED] bring AB back to profitability absent the Merger.⁴⁵⁷
- 6.44 During the CMA's investigation, ABF also submitted a report prepared by [REDACTED] which concluded that there are no viable solutions (other than the Merger) to return AB to profitability (the **[REDACTED] Report**). This report states that:
- (a) AB's persistent losses were caused by [REDACTED];⁴⁵⁸

⁴⁵⁴ [CMA129](#), paragraph 3.28.

⁴⁵⁵ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.10.

⁴⁵⁶ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.10.

⁴⁵⁷ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.11.

⁴⁵⁸ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, section 2.2.

- (b) AB had scaled back its central operations to the minimum possible under its current scale in order to reduce its central fixed costs;⁴⁵⁹ and
- (c) in order to return AB to financial viability now, AB needed to do one of:
 - (i) reduce fixed costs by [X]%;
 - (ii) increase average prices by [X]%;
 - (iii) increase volumes by [X]%, without any adverse impact on the remaining two, which it submitted would be impossible in practice.⁴⁶⁰

6.45 ABF submitted that where there were inconsistencies in internal documents between the options to improve AB's financial situation considered by AB's management and those considered by the [X] and the [X] (to whom the [X] is accountable):

- (a) The CMA should focus on options considered by, and the internal documents of, ABF SET, rather than documents that were not prepared for decision-makers who are unaware of the broader AB position.
- (b) The [X] Report was a key part of the ABF SET decision-making process. It added that although ABF SET may have discussed various options with Endless in the lead up to the Merger, ABF SET did not consider that any other options now existed to return AB to profitability other than the Merger.⁴⁶¹

Approach to internal documents

6.46 Our analysis of the strategic options considered to restructure AB draws on an extensive review of internal documents from AB and ABF – including board materials, strategy documents and emails between senior management.

6.47 When considering an exiting firm counterfactual, the CMA will usually attach greater weight to evidence that has not been prepared in contemplation of the merger.⁴⁶²

6.48 As set out in Chapter 2 above, ABF and Hovis (or its owners at the relevant times) have discussed a potential transaction or some form of collaboration at various points since at least November 2007. This has involved numerous discussions, of varying lengths, over an extended period of time. As we cannot exclude that these discussions impacted ABF's decision making, and how those decisions were recorded, when analysing internal documents we have considered the appropriate weight that can be placed on them, taking into account the possibility that contemplation of the Merger may have had an impact on their preparation.

⁴⁵⁹ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, section 2.1.1.

⁴⁶⁰ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, paragraph 31.

⁴⁶¹ ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, paragraph 2.10.

⁴⁶² [CMA129](#), paragraph 3.24.

- 6.49 We also note that there is some evidence from internal documents that ABF's decisions may have been influenced by management's expectation that [REDACTED], thereby easing pressures such as overcapacity and potentially resulting in volumes being redistributed [REDACTED]. For example:
- (a) An internal note of [REDACTED] 2023 notes that ABF has '[REDACTED]', '[REDACTED]' and had a '[REDACTED]'. In these notes, AB is categorised as a '[REDACTED]'.⁴⁶³ We note that [REDACTED], is also placed in this category of companies in these notes. ABF explained that on [REDACTED], it announced the closure of the [REDACTED] plant.⁴⁶⁴
 - (b) The notes from [REDACTED] state that the underlying approach for AB has been (i) a '[REDACTED]'; (ii) a '[REDACTED]' and (iii) '[REDACTED]'.⁴⁶⁵
- 6.50 We consider that ABF's expectation that [REDACTED] may have affected ABF's decision on whether to pursue a 'transformational' approach to AB. In particular, we consider that ABF's belief that [REDACTED] could have incentivised ABF to fund AB losses for some time, as these would not need to be indefinite, and ABF could potentially recoup these losses [REDACTED]. However, we also consider that the evidence shows that AB's management underestimated the [REDACTED], which indicates that, having recognised this, ABF may not have the incentive to fund AB's losses any further. We have therefore considered this dynamic when reviewing ABF's internal documents, and in particular the options that have been considered to restructure AB.
- 6.51 We also note that during the CMA's phase 1 review, ABF submitted that a number of internal documents produced between January 2021 and March 2022 provided evidence of the steps that ABF and AB had taken to try to assess options to improve the AB business. However, in response to follow-up questions from the CMA on why these options had not been pursued, in contrast to ABF's earlier submission, ABF explained that:
- (a) the author of these documents operated at a level well below ABF SET; was not a decision-maker within ABF; and volunteered to take a fresh look at potential solutions for AB despite not having much exposure to AB's problems;⁴⁶⁶ and
 - (b) this workstream did not gain traction within ABF, nor did it receive engagement from ABF's CEO. It added that when ABF SET decided to engage [REDACTED] to assess potential solutions for AB, it did not involve the author of these documents.⁴⁶⁷

⁴⁶³ ABF Internal Document, Annex ABF006762 to ABF's response to the CMA's s109 Notice dated 1 October 2025, slides 7-8.

⁴⁶⁴ FMN, paragraph 24.2.

⁴⁶⁵ ABF Internal Document, Annex ABF007104 to ABF's response to the CMA's s109 Notice dated 21 November 2025, page 8.

⁴⁶⁶ ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, paragraphs 2.3.2, 2.14 and 2.16.

⁴⁶⁷ ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, paragraphs 3.1 and 6.2.

6.52 In our review of internal documents, we have placed most weight on documents produced by or for senior decision-makers within the Parties' businesses. In determining who these decision-makers are, we took into account their roles and seniority within the Parties' respective businesses. However, we have also considered as probative, evidence from senior staff employed in the Parties' businesses, for instance those charged with considering the options available to AB, where relevant to our assessment. We have also sought further third-party evidence to inform our assessment, where appropriate.

Our assessment

6.53 We have considered the evidence on the strategic options which ABF considered, including evidence from third parties, where appropriate to do so. Our assessment is structured as follows:

- (a) the options in the [REDACTED] Report, namely, the '[REDACTED]' and '[REDACTED] model' options;
- (b) the options in the [REDACTED] Report;
- (c) a JV with Hovis;
- (d) collaboration with [REDACTED];
- (e) use of third-party distribution; and
- (f) a [REDACTED].

6.54 We then consider the [REDACTED] Report. This was prepared on behalf of ABF for the purposes of the CMA's investigation, not for the purposes of considering options for the future of the AB business. However, we consider to what extent the analysis in the [REDACTED] Report supports the Parties' submissions that there is no scope for AB to restructure itself successfully.

6.55 We end this section with our overall provisional views on whether AB is unable to restructure itself successfully.

[REDACTED] Report ('[REDACTED]' and '[REDACTED] model')

6.56 In 2019, ABF appointed [REDACTED] to consider '[REDACTED]'.⁴⁶⁸ [REDACTED] produced its report on [REDACTED]. The [REDACTED] Report found that AB was generally loss-making due to the following factors: (i) the growth of private label and the low margins obtained in producing private label products; (ii) the decline of the Kingsmill brand; and (iii) network inefficiencies due to bakery and distribution setups.⁴⁶⁹

⁴⁶⁸ ABF Internal Document, Annex ABF000158 to the FMN dated 18 December 2025, slide 2.

⁴⁶⁹ ABF Internal Document, Annex 4a to the FMN dated 18 December 2025, slide 5.

- 6.57 The [redacted] Report considered that certain strategic options were not viable for AB, and stated that:⁴⁷⁰
- (a) investing in innovation, brand building, and marketing would [redacted], due to AB's declining sales and [redacted];
 - (b) focusing on AB becoming [redacted] was unattractive due to the low margins [redacted], relative to AB's distribution costs and the [redacted]; and
 - (c) focusing on AB becoming [redacted] was impractical due to the declining sales of the Kingsmill brand, and that Allinsons and Burgen did not have sufficient scale to make AB profitable in the short term.
- 6.58 In order to improve AB's network inefficiencies, [redacted] suggested two primary options: (i) moving to a '[redacted]' model of distribution whereby more smaller bakeries would be set up around the UK to reduce radial distribution,⁴⁷¹ which could reduce distribution costs by up to around £[redacted] million per annum;⁴⁷² (ii) a move to a '[redacted] model', whereby metropolitan areas of the UK would be served by a DTS model, and other areas by an RDC model, which could reduce costs to around £[redacted] million per annum.⁴⁷³ [redacted] estimated that these two models could provide around a further £[redacted] million reduction in costs of '[redacted]'.⁴⁷⁴ [redacted] model was proposed before the loss of the [redacted] contracts which was assessed by [redacted] as a '[redacted]'.⁴⁷⁵

'[redacted]' model

- 6.59 ABF submitted that it considered that [redacted] had estimated unrealistic capital expenditure for the '[redacted]' model and that it would not be viable,⁴⁷⁶ and that [redacted] failed to take into account inter-bakery transport costs, which is consistent with our review of the contemporaneous internal documents.⁴⁷⁷
- 6.60 A summary of the [redacted] Report produced by AB for ABF in [redacted] 2019 stated that the '[redacted] model' was '[redacted]' and that it would require ABF to have the '[redacted]'.⁴⁷⁸

⁴⁷⁰ ABF Internal Document, Annex 4a to the FMN dated 18 December 2025, slides 5-8.

⁴⁷¹ This comprises a significant network of smaller lorries and vans operating on highly optimised routes in order to deliver bread to every customer location within the specified delivery windows for each customer/store (FMN, paragraph 14.7.3).

⁴⁷² ABF Internal Document, Annex 4a to the FMN dated 18 December 2025, slide 6.

⁴⁷³ ABF Internal Document, Annex 4a to the FMN dated 18 December 2025, slides 7 and 72.

⁴⁷⁴ ABF Internal Document, Annex 4a to the FMN dated 18 December 2025, slides 5-8.

⁴⁷⁵ ABF Internal Document, Annex 4a to the FMN dated 18 December 2025, slide 6.

⁴⁷⁶ ABF internal document, Annex 0006 to the FMN dated 18 December 2025, section 3.2.1 and paragraph 4.15.

⁴⁷⁷ ABF response to the CMA's section 109 Notice dated 21 November 2025, paragraph 3.2.

⁴⁷⁸ ABF Internal Document, Annex 4c to the FMN dated 18 December 2025, slide 4.

- 6.61 An internal AB email discussion on a draft of the [REDACTED] Report from [REDACTED] 2019, notes that there is '[REDACTED]'.⁴⁷⁹ This same email discussion notes that '[REDACTED]'.⁴⁸⁰
- 6.62 In relation to a potential strategic partner, ABF explained that the AB CEO (who was the ABF Grocery Group CEO at the time) and another individual responsible for Finance and Business Development of ABF Grocery Group, did not recall any contemporaneous discussions about a partnership with Hovis to implement a [REDACTED] model, nor could they find evidence of any discussions about this.⁴⁸¹
- 6.63 In response to further questions to the AB CEO about discussions with retailers on a '[REDACTED]' model, we were told that there were no discussions on this.⁴⁸² Consistent with what we have seen in the internal documents of AB, the AB CEO explained that '[REDACTED]'.⁴⁸³

- *Our assessment*

- 6.64 The internal documents of ABF that discuss the assessment of '[REDACTED]' corroborate that ABF considered that [REDACTED] did not properly assess the costs involved with this model, and further that AB and ABF did not consider that this model could be implemented without significant expenditure.
- 6.65 Consistent with ABF's submissions, we have seen no evidence that this model was discussed with GMs. We have also seen no evidence that the '[REDACTED]' model was discussed within ABF after April 2019.

'[REDACTED] model'

- 6.66 ABF submitted that moving to an RDC or '[REDACTED] model' would 'require a shift away from DTS delivery, to deliver to customers' RDCs, either across the UK or outside metropolitan areas under the '[REDACTED] model'. ABF submitted that a number of AB's existing customers are [REDACTED] for plant bread. Therefore, the [REDACTED] model would be expected to lead to a reduction in volumes, [REDACTED]'.⁴⁸⁴
- 6.67 ABF further explained that the AB CEO recalled conversations [REDACTED], where these customers indicated that they would [REDACTED] for plant bread.⁴⁸⁵

⁴⁷⁹ ABF Internal Document, Annex ABF007086 to ABF's response to the CMA's section 109 Notice dated 21 November 2025.

⁴⁸⁰ ABF Internal Document, Annex ABF007086 to ABF's response to the CMA's section 109 Notice dated 21 November 2025.

⁴⁸¹ ABF response to the CMA's section 109 Notice dated 21 November 2025, paragraph 3.3.

⁴⁸² Parties' Initial Substantive Meeting (ISM) transcript, 4 February 2026, page 38, line 6.

⁴⁸³ Parties' ISM transcript, 4 February 2026, page 3, lines 16-23.

⁴⁸⁴ FMN, paragraph 10.49.2.

⁴⁸⁵ ABF internal document, Annex 0006 to the FMN dated 18 December 2025, paragraph 29.3.

- *Evidence from customers*

- 6.68 In order to assess ABF's submissions that a move to RDC would not be acceptable to customers, we spoke with these customers directly. We note that while some GMs (such as Aldi, M&S and Lidl)⁴⁸⁶ have been able to successfully set up their distribution systems so that plant bread can go through RDCs, GMs requiring DTS distribution represent more than 50% of the plant bread sales in the UK.⁴⁸⁷
- 6.69 In line with the Parties' submissions, GMs that primarily use a DTS model for the delivery of plant bread told us that their RDCs networks are not set up for plant bread. They also commented on the impact of using an RDC model on product freshness and shelf life:
- (a) One large GM told us that the RDC model is not viable for plant bread and that it does not have the infrastructure to handle bread crates through its depots. Therefore, DTS is the only feasible option for plant bread. While it uses the RDC model for some London convenience stores, as the plant bread travels through the chilled network, plant bread is chilled on shelves which is suboptimal.⁴⁸⁸
 - (b) Similarly, another large GM told us that RDC is not well-suited to plant bread distribution as delivering to depots leads to more time in a distribution network, which shortens the shelf life of plant bread. It also told us that its distribution network is not designed to handle the baskets bread is transported in.⁴⁸⁹
 - (c) A further large GM told us that DTS leads to longer delivery times and shorter shelf-life. Plant bread distributed through DTS tends to have a shelf life of five to seven days while plant bread delivered through RDC can lose approximately two days of shelf life. It does not have the capabilities to use its own networks to distribute its own bread to stores.⁴⁹⁰
- 6.70 A competitor of the Parties told us that RDC is not well suited for bread deliveries. RDC depots are generally used for handling slow moving stock, which can be held for several days before being delivered to store. However, bread does not have a long shelf life and must be transported at room temperature rather than chilled.⁴⁹¹

⁴⁸⁶ FMN, paragraph 36. These customers account for [REDACTED]% of AB's current volumes (ABF internal document, Annex 0004 to the FMN dated 18 December 2025, paragraph 45).

⁴⁸⁷ FMN, paragraph 18.75. We note, however, that [REDACTED] (Third-party call note).

⁴⁸⁸ Third-party call note

⁴⁸⁹ Third-party call note.

⁴⁹⁰ Third-party call note.

⁴⁹¹ Third-party call note.

- *Our assessment*

6.71 While ABF submitted that the '[REDACTED] model' and a move to RDC was not viable, we consider that it had nevertheless continued to explore this model internally for a significant period of time following the [REDACTED] Report.

6.72 For instance:

- (a) A summary of the [REDACTED] Report produced by AB for ABF in [REDACTED] 2019 stated that the '[REDACTED] model' was '[REDACTED]', but that ABF would need to believe that '[REDACTED]'.⁴⁹²
- (b) A report from [REDACTED] 2021 on AB's medium-to-long term future notes four potential options for AB: (i) develop a smaller but profitable baking business; (ii) maintain a similar but profitable baking business; (iii) create a larger but profitable baking business; or (iv) partially or fully exit the baking business. Exiting the baking business is seen as a last resort if the other options do not achieve a '[REDACTED]'.⁴⁹³ This report was discussed at a meeting on [REDACTED] 2021 attended by the author and various members of the ABF SET.⁴⁹⁴ The notes of a member of ABF SET from that meeting states that it is '[REDACTED]'.⁴⁹⁵
- (c) In March 2021, another report following on from the January 2021 report states that '[REDACTED]'.⁴⁹⁶ This report was discussed at a meeting on [REDACTED] 2021, attended by the same members of the ABF SET that attended the meeting on [REDACTED] 2021.
- (d) While a report from [REDACTED] 2022 refers to only three options: (i) exploring collaboration with Hovis; (ii) restructure and exit, or (iii) exit now,⁴⁹⁷ a later board paper prepared by AB for the ABF SET and presented by the ABF CEO to the board in [REDACTED] 2022 stated that AB was also considering potential '[REDACTED]'. This board paper also states that if this is not possible AB would consider moving to an RDC model in certain areas, [REDACTED] for distribution, and requiring [REDACTED] to ensure those vehicles are filled.⁴⁹⁸
- (e) We have seen evidence that in [REDACTED] 2024, the '[REDACTED] model' is still presented as an option in a budget presentation prepared by AB for the ABF SET;

⁴⁹² ABF Internal Document, Annex 4c to the FMN dated 18 December 2025, slide 4.

⁴⁹³ ABF Internal Document, Annex 19a to the FMN dated 18 December 2025, slide 12.

⁴⁹⁴ ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, paragraph 3.5.

⁴⁹⁵ ABF Internal Document, Annex ABF006777 to ABF's response to the CMA's s109 Notice dated 21 November 2025, page 2.

⁴⁹⁶ ABF Internal Document, Annex 20 to the FMN dated 18 December 2025, slide 2.

⁴⁹⁷ ABF Internal Document, Annex 28 to the FMN dated 18 December 2025, slide 4. ABF was unable to confirm that report was discussed by members of the ABF SET at a meeting on [REDACTED]. However, while the meeting notes of an ABF SET member present at the meeting do not suggest that this report was discussed, they do note that the author of this report was present at that meeting (ABF Internal Document, Annex ABF007114 to the ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025).

⁴⁹⁸ ABF Internal Document, Annex 29c to the FMN dated 18 December 2025, page 2.

‘[REDACTED]’.⁴⁹⁹ As part of this, it is proposed to close the Stoke site and that
‘[REDACTED]’.⁵⁰⁰ A member of ABF SET’s personal notes from this meeting record
that ‘[REDACTED] model’ is still being discussed as an option.⁵⁰¹

- 6.73 The internal reports noted in paragraphs 6.71(a) to 6.71(d) form part of the work ABF originally submitted as evidence of its process to improve the performance of the AB business, before submitting that this work did not gain traction within ABF (see paragraph 6.50). However, we consider that they should be given at least some weight in our assessment. While it does not appear that these reports were seen by the ABF board, we note that they were discussed at meetings which involved a significant number of the ABF SET, who ABF have explained are responsible for the operational management of AB, and, alongside the board, for strategic decisions in relation to AB. Further, this work continued for a significant period of time, and ABF did not provide, nor could we see in our review of ABF’s internal documents, any indications that it was rejected by the ABF SET.
- 6.74 While ABF’s internal documents show that it explored moving to an RDC model over a significant period of time, in line with ABF’s submission that a move to an RDC model would not generate sufficient cost savings for AB, we note that the [REDACTED] Report found that the costs savings from a move to RDC, either under a ‘[REDACTED] model’ or by serving the whole of the UK through an RDC model, would not sufficiently lower radial mileage costs to stem AB’s losses per delivery.⁵⁰² The [REDACTED] Report is discussed in more detail below.
- 6.75 Moreover, GMs that require DTS delivery consistently told the CMA that an RDC model is not a viable distribution strategy for at least a majority of plant bread volumes in the UK. This gives significant credence to ABF’s submissions that despite this option being considered, it would not be possible to implement.
- 6.76 Further, as noted at paragraph 6.14, by the [REDACTED] and [REDACTED] 2024 board meetings, only two options are discussed at board level.
- 6.77 Although there was no clear decision on the part of ABF (or AB) to not proceed with a ‘[REDACTED]’ or RDC model, we consider that this was not likely to be a viable strategy to improve the financial position of AB, as the evidence shows that it is not likely to be accepted by GMs.

⁴⁹⁹ ABF Internal Document, Annex ABF007080 to ABF’s response to the CMA’s s109 Notice dated 21 November 2025, slide 20.

⁵⁰⁰ ABF Internal Document, Annex ABF007080 to ABF’s response to the CMA’s s109 Notice dated 21 November 2025, slide 22.

⁵⁰¹ ABF Internal Document, Annex ABF007046 to ABF’s response to the CMA’s s109 Notice dated 21 November 2025, page 6.

⁵⁰² ABF internal document, Annex 0004 to the FMN dated 18 December 2025, section 3.2.2.

[REDACTED] Report

- 6.78 By way of background to the [REDACTED] Report, we note that the board minutes of [REDACTED] 2022 state:
- (a) The AB CEO '[REDACTED]'.
 - (b) The ABF Finance Director '[REDACTED]'.⁵⁰³
- 6.79 ABF submitted that following this [REDACTED] 2022 ABF board meeting, the ABF SET engaged [REDACTED] to assess potential options available to improve AB's financial position, and '[REDACTED]'.⁵⁰⁴ [REDACTED] produced its Report on [REDACTED] 2023.
- 6.80 ABF explained that:⁵⁰⁵
- (a) [REDACTED] produced its report within approximately two months of being instructed.
 - (b) [REDACTED] was provided with physical office space at ABF's headquarters in order for ABF to assist in [REDACTED] work and to enable discussions between [REDACTED] and ABF.
 - (c) Due to this setup, there were regular discussions between [REDACTED] and ABF, to obtain input from ABF into [REDACTED] work and to provide ABF with updates as to [REDACTED] latest thinking.
 - (d) ABF established a steering committee comprised of senior ABF individuals (which included [REDACTED]) who had overall responsibility for the project.
- 6.81 The [REDACTED] Report found that the plant bread market was structurally challenged, with private label increasing its relative share of the market, and that declining demand had led to overcapacity in the market. Further, it found that the UK bread industry had a high fixed cost structure with limited room for efficiency gains.⁵⁰⁶
- 6.82 The [REDACTED] Report considered various options available to AB, namely: (a) full transformation; (b) rationalise customer base; (c) change primary distribution model; (d) rationalise product portfolio; (e) shrink to a regional footprint; (f) full merger of AB and Hovis; (g) JV or partnership for distribution; and (h) exiting the bakery business.⁵⁰⁷
- 6.83 The [REDACTED] Report concluded that '[REDACTED]'⁵⁰⁸ due to negative NPVs in the long-term for the remaining options.

⁵⁰³ ABF Internal Document, Annex ABF05508 to the FMN dated 18 December 2025, page 1.

⁵⁰⁴ ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, paragraphs 1.7 and 11.1.

⁵⁰⁵ ABF's response to the CMA's s109 notice dated 21 November 2025, paragraph 7.6.

⁵⁰⁶ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 6.

⁵⁰⁷ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 31.

⁵⁰⁸ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 36.

- 6.84 The [REDACTED] Report was summarised to the ABF board by the ABF CEO in [REDACTED] 2023.⁵⁰⁹
- 6.85 A budget presentation from the ABF Grocery Group⁵¹⁰ to ABF in [REDACTED] 2023, following the [REDACTED] Report, states that '[REDACTED]'. Three options are proposed to the board, being '[REDACTED]' and '[REDACTED]'.⁵¹¹ Following this budget presentation, an email amongst the ABF SET notes that they '[REDACTED]'.⁵¹²

Our assessment

- 6.86 We note that the briefing instructions for [REDACTED] state that '[REDACTED]'.⁵¹³
- 6.87 When asked about this, ABF submitted that the reason that two options were explicitly flagged in the briefing instructions was because previous attempts to fix AB's profitability issues had not succeeded, and ABF considered that these two paths should be considered alongside any other potential options [REDACTED] considered appropriate.⁵¹⁴ ABF further submitted that it did not want to leave any stone unturned, and this was reflected in [REDACTED] instructions.⁵¹⁵
- 6.88 In support of this, we note that the letter of confirmation for [REDACTED] work states that [REDACTED] is charged with '[REDACTED]'.⁵¹⁶ However, it does not appear that [REDACTED] assessed different options for exiting the bakery business, including a partial sale of AB, such as AB NI.
- 6.89 Based on our assessment of the [REDACTED] Report, the report presented a negative outlook for the UK bakery market, which we have considered above at paragraphs 6.20 to 6.26. As ABF submitted, the [REDACTED] Report showed negative NPVs for nearly all of the options presented in the long-term except for the Merger and exiting.
- 6.90 We note that the NPV in the long-term, with an asset sale, for exiting the bakery business ranged from £[REDACTED] million to £[REDACTED] million, while the NPV in the long-term, with an asset sale for a merger between AB and Hovis was £[REDACTED] million.⁵¹⁷
- 6.91 However, the NPV figures provided by [REDACTED] are given in ranges, and the [REDACTED] Report did conclude that in the long-term '[REDACTED]' would generate a positive NPV at

⁵⁰⁹ ABF Internal Document, Annex ABF004259 to the FMN dated 18 December 2025, page 5.

⁵¹⁰ A division of ABF comprising its grocery product companies.

⁵¹¹ ABF Internal Document, Annex ABF005507 to the FMN dated 18 December 2025, slide 46.

⁵¹² ABF Internal Document, Annex ABF007119 to the ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025.

⁵¹³ ABF Internal Document, Annex ABF006640 to ABF's response to the CMA's s109 Notice dated 21 November 2025, page 1.

⁵¹⁴ ABF's response to the CMA's s109 notice dated 21 November 2025, paragraph 7.4.

⁵¹⁵ ABF's response to the CMA's s109 notice dated 21 November 2025, paragraph 7.4.

⁵¹⁶ ABF Internal Document, Annex ABF007070 to ABF's response to the CMA's s109 notice dated 21 November 2025, page 1.

⁵¹⁷ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 36.

the upper end of the range provided. The range for this option was -£[REDACTED] million to £[REDACTED] million. ABF explained that this related to a '[REDACTED]'.⁵¹⁸

- 6.92 We also note that the [REDACTED] Report states that '[REDACTED]'.⁵¹⁹ As discussed at paragraphs 6.67 to 6.69, we consider that this is unlikely to be accepted by the GMs, and so is unlikely to be a viable option for ABF.
- 6.93 As noted above at paragraph 6.14, while we note that the board minutes from [REDACTED] and [REDACTED] 2024 provide limited details on the board's discussions, the options presented to the board at that time do align with the findings of the [REDACTED] Report, which ABF submitted was a key piece of ABF's decision-making.
- 6.94 While noting that (i) the briefing instructions to [REDACTED] focused on two options (being exit or merge), and (ii) [REDACTED] did not present its work directly to the ABF board, we consider that overall, the [REDACTED] Report is consistent with other evidence that the options most likely available to ABF were either to merge with Hovis or exit the bakery business.

JV with Hovis

- 6.95 In relation to a possible JV, and whether that would restore the profitability of AB, ABF submitted that a [REDACTED] JV with Hovis would deliver some logistics efficiencies [REDACTED]. However, [REDACTED] and would therefore be insufficient, on its own, to [REDACTED].⁵²⁰
- 6.96 Further, in line with the findings from the [REDACTED] Report that a JV with Hovis was expected to have a negative NPV (discussed above), ABF explained that while a JV with Hovis would provide some relief to AB, it would only lower the costs of the radial distribution, which was not sufficient to make AB profitable.⁵²¹

Our assessment

- 6.97 As noted above in Chapter 2, the Parties have been involved in various discussions over potential collaborations, including JVs, over many years.⁵²² In addition, potential JVs were considered as options to improve AB's financial position by both [REDACTED] and [REDACTED] (noted above).
- 6.98 Since [REDACTED], discussions between the Parties around JVs have included the following which have been recorded in ABF's internal documents:

⁵¹⁸ ABF submission to the CMA, 'Allied Bakeries Timeline', 16 December 2025, footnote 2.

⁵¹⁹ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 29.

⁵²⁰ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.27.

⁵²¹ ISM transcript, 4 February 2026, page 62, lines 10-19.

⁵²² We note that it is possible that certain permutations of potential JVs between AB and Hovis may have raised competition concerns that would also need to be considered.

- (a) As noted above at paragraph 6.77(b), the board minutes from [REDACTED] 2022 note that discussions between ABF [REDACTED] have recommenced around a possible JV.
- (b) A report from [REDACTED]2023 looks at the '[REDACTED]' of options with [REDACTED] being a [REDACTED] collaboration, [REDACTED] collaboration, [REDACTED] JV and [REDACTED] JV.⁵²³
- (c) A budget report from [REDACTED] 2023, produced by AB for the ABF SET, records that '[REDACTED]'⁵²⁴ One of the potential solutions for this is a JV [REDACTED], however there has been '[REDACTED]'⁵²⁵
- (d) An email amongst ABF SET members summarises a meeting between [REDACTED] and ABF on a potential JV in [REDACTED] 2024.⁵²⁶
- (e) A file note of a meeting between ABF and [REDACTED] in [REDACTED] 2024 notes that [REDACTED] JV were discussed, [REDACTED].⁵²⁷
- (f) The personal notes of a member of ABF SET from a meeting regarding the budget in [REDACTED] 2024 notes that '[REDACTED]'.⁵²⁸

6.99 Internal documents and third-party reports prepared for ABF also discuss the profitability of a JV with Hovis (or its owners). These include:

- (a) The summary of the [REDACTED] Report produced by AB for ABF in [REDACTED] 2019 (ie before [REDACTED]) notes that cooperation in marginal areas has '[REDACTED]'.⁵²⁹
- (b) The [REDACTED] Report (discussed above) which concluded that, while it may generate certain cost synergies, the NPV would be [REDACTED].
- (c) A report by [REDACTED] that indicated that a JV could achieve combined savings of £[REDACTED] million annually for [REDACTED] and AB.⁵³⁰

6.100 ABF's internal documents also discuss the feasibility of a JV [REDACTED]:

- (a) Emails between ABF SET members in [REDACTED] 2024 around ongoing discussions with [REDACTED] note that, '[REDACTED]' and that '[REDACTED]'. In response to this, an ABF SET

⁵²³ ABF Internal Document, Annex 28 to the FMN dated 18 December 2025, slide 10.

⁵²⁴ ABF Internal Document, Annex 43 to the FMN dated 18 December 2025, slide 17.

⁵²⁵ ABF Internal Document, Annex 43 to the FMN dated 18 December 2025, slide 17.

⁵²⁶ Internal Document, Annex ABF007219, page 3 to ABF's response to the CMA's section 109 notice dated 16 January 2026.

⁵²⁷ Internal Document, Annex ABF007154, page 1 to ABF's response to the CMA's section 109 notice dated 16 January.

⁵²⁸ ABF Internal Document, Annex ABF007046 to ABF's response to the CMA's s109 Notice dated 21 November 2025, page 6.

⁵²⁹ ABF Internal Document, Annex 4c to the FMN dated 18 December 2025, slide 5.

⁵³⁰ ABF Internal Document, Annex 38 to the FMN dated 18 December 2025, slide 5.

member stated that '[REDACTED]'. This same email chain notes that ABF recognises that [REDACTED] needs a [REDACTED].⁵³¹

(b) An email summarising a meeting [REDACTED] in [REDACTED] 2024 notes that '[REDACTED]'.⁵³²

6.101 While discussions around a possible JV continued for a significant period of time, we consider it unlikely that an agreement could have been reached with [REDACTED], in view of the consistently negative NPV values associated with a JV for ABF, and a divergence with [REDACTED] strategic aims. In particular, internal documents recognise that, [REDACTED], and a JV may make that more challenging, reducing the incentives of [REDACTED] to enter into a JV. The [REDACTED] and [REDACTED] 2024 board meetings do not refer to a JV as one of the options available to ABF.

Collaboration with [REDACTED]

6.102 ABF explained that in [REDACTED] 2023, AB approached [REDACTED] with regards to a potential [REDACTED] collaboration and talks were held during that month. ABF also submitted however, that in [REDACTED] 2023, [REDACTED] informed AB that [REDACTED] lacked the capacity to handle AB's volumes.⁵³³

Our assessment

6.103 Evidence in the internal documents shows that [REDACTED] did not want to continue discussions with ABF in relation to potential [REDACTED] collaboration:

(a) The ABF board minutes from [REDACTED] note that the ABF CEO stated that '[REDACTED]'.⁵³⁴

(b) Also around [REDACTED], an AB budget prepared for the ABF SET notes that [REDACTED] had said '[REDACTED]'.⁵³⁵

(c) Around [REDACTED], an AB budget prepared for the ABF SET notes that [REDACTED] had said that it was '[REDACTED]'.⁵³⁶

6.104 We asked [REDACTED] about a possible [REDACTED] collaboration between ABF and [REDACTED], [REDACTED]. [REDACTED] told us that AB did approach it about possible collaboration in respect of [REDACTED], but that [REDACTED] had not been interested⁵³⁷ and that it only delivered a small volume of [REDACTED].⁵³⁸ Further, [REDACTED] would require substantial infrastructure investment, which [REDACTED] believes would not be cost-effective. It would require significant investment in [REDACTED]

⁵³¹ Internal Document, Annex ABF007219, pages 1-3 to ABF's response to the CMA's section 109 notice dated 16 January 2026.

⁵³² ABF Internal Document, Annex ABF007097 to ABF's response to the CMA's s109 Notice dated 21 November 2025, page 1.

⁵³³ ABF's response to the CMA RFI dated 24 October 2025, question 10.

⁵³⁴ ABF Internal Document, Annex ABF005506 to the FMN dated 18 December 2025, page 5.

⁵³⁵ ABF Internal Document, Annex 42(b) to the FMN dated 18 December 2025, slide 11.

⁵³⁶ ABF Internal Document, Annex 43 to the FMN dated 18 December 2025, slide 17.

⁵³⁷ Third-party call note; and Third-party email to the CMA.

⁵³⁸ Third-party call note.

that is unlikely to be economically viable.⁵³⁹ [X] also told us that [X] and avoid investment in additional infrastructure that could be required.⁵⁴⁰

- 6.105 The evidence in the internal documents which shows that [X] is supported by the evidence from [X]. We therefore do not consider it likely that this would be a viable option for AB.

Use of third-party distribution

- 6.106 We note that ABF already uses third-party distributors for DTS delivery in some larger, less populated areas such as in [X]⁵⁴¹ and [X].⁵⁴²
- 6.107 A board paper prepared by AB for the ABF SET and presented by the ABF CEO to the board in [X] 2022 notes that if a [X] with [X] cannot be agreed with [X], AB will look at [X].⁵⁴³
- 6.108 ABF submitted that the use of a third party for distribution throughout the UK would be cost-prohibitive due to third parties requiring their own margins, premises costs, insurance costs, vehicle costs, trunking costs, upward cost mechanisms, distribution density, control over cost savings and reduced flexibility.⁵⁴⁴

Our assessment

- 6.109 Internal documents show that ABF did explore the use of third-party distributors for DTS over a number of years, for instance:
- (a) In [X], a budget presentation considers AB's third-party distribution in certain areas across the UK.⁵⁴⁵
 - (b) A budget presentation from the ABF Grocery Group to ABF in [X] states that '[X]' and if it transitions to a smaller business, delivery by [X] in GB may be an option.⁵⁴⁶
- 6.110 Third-party evidence on the costs and feasibility of using a third party to distribute plant bread supports ABF's submissions, with third parties noting that third-party distribution is not a viable delivery model for bread:
- (a) One competitor of the Parties said that it has not identified a 3PL [third-party logistics provider] with the ability to deliver bread direct to store due to

⁵³⁹ Third-party call note.

⁵⁴⁰ Third-party call note

⁵⁴¹ Parties' ISM transcript, 4 February 2026, page 63, lines 1-16.

⁵⁴² FMN, paragraph 14.21.

⁵⁴³ ABF Internal Document, Annex 29c to the FMN dated 18 December 2025, page 2.

⁵⁴⁴ FMN, paragraph 14.21.

⁵⁴⁵ ABF Internal Document, Annex 17 to the FMN dated 18 December 2025, slide 21.

⁵⁴⁶ ABF Internal Document, Annex ABF005507 to the FMN dated 18 December 2025, slide 46.

difficulties in transporting and retrieving bread baskets, and 3PLs lacking the fleet scale to compete commercially against bakeries who are already set to deliver via DTS.⁵⁴⁷

- (b) Another competitor said that a third-party logistics supplier would be feasible but would add on additional costs of up to £1 per case transported.⁵⁴⁸
- (c) Another competitor said this was not feasible due to the size and number of deliveries required on a daily basis.⁵⁴⁹
- (d) Another competitor said that while there are already companies set up to deliver via RDC, it would depend on the volumes supplied whether this would be cost-effective.⁵⁵⁰

6.111 As competitors of the Parties have corroborated ABF's submission that using a third party for DTS across the country is not viable, we consider this would not be a viable model for AB.

[REDACTED]

6.112 A potential move by AB to using a [REDACTED] for private label plant bread was not considered as a potential option by either [REDACTED] or [REDACTED]. However, we have seen evidence in ABF's internal documents that ABF has considered this. For instance:

- (a) At the [REDACTED] ABF Board meeting, the AB CEO stated that '[REDACTED]'.⁵⁵¹
- (b) A budget report prepared by AB for the ABF SET in [REDACTED] notes that AB would be approaching customers ([REDACTED]) to start an [REDACTED] for PL.⁵⁵²

6.113 ABF submitted that when this was proposed to [REDACTED], AB's proposal resulted in [REDACTED] choosing to put its private label business out to tender. Although AB managed to retain its private label business with [REDACTED], it was retained on the basis of [REDACTED].⁵⁵³

6.114 ABF also submitted that when this was proposed to [REDACTED] in [REDACTED] for in-store bakery products (not plant bread), [REDACTED] rejected this proposal. In order to maintain AB's relationship with [REDACTED], ABF did not proceed with this.⁵⁵⁴

⁵⁴⁷ Third-party response to the CMA questionnaire dated 19 November 2025.

⁵⁴⁸ Third-party response to the CMA questionnaire dated 19 November 2025.

⁵⁴⁹ Third-party response to the CMA questionnaire dated 19 November 2025.

⁵⁵⁰ Third-party response to the CMA questionnaire dated 19 November 2025.

⁵⁵¹ ABF Internal Document, Annex ABF005512 to the FMN dated 18 December 2025, page 1.

⁵⁵² ABF Internal Document, Annex 30 to the FMN dated 18 December 2025, slides 10 and 25.

⁵⁵³ Parties' response to the CMA RFI dated 27 January 2026, question 11.

⁵⁵⁴ Parties' response to the CMA RFI dated 27 January 2026, question 11.

Our assessment

- 6.115 We note that this option was not considered extensively by ABF in its internal documents, and so we have limited evidence on ABF's internal thinking on a [REDACTED].
- 6.116 However, we consider that a [REDACTED] would generally be based around [REDACTED], and as noted above, AB's financial issues relate in part to it having high fixed costs. Therefore, it is not likely that a [REDACTED] would lower AB's costs substantially.
- 6.117 Evidence provided by third parties shows that some large GMs may engage with private label suppliers around [REDACTED] and use trackers to manage [REDACTED]. For example, one GM explained that branded and private label products are managed differently, with greater control and transparency for private label due to open book pricing. They further noted that they often [REDACTED] collaboratively with suppliers.⁵⁵⁵ Another GM explained that a tracker-based model is used for [REDACTED].⁵⁵⁶
- 6.118 The evidence shows that GMs may be willing to enter into arrangements with suppliers to manage [REDACTED]. However, we note that, even if ABF were able to agree such arrangements with customers, they would only relate to private label products and they would not address the high fixed costs faced by AB. We therefore consider that a [REDACTED] would not be a viable solution to return AB to profitability.

[REDACTED] Report

- 6.119 We note that the [REDACTED] Report aligns with submissions made by ABF, and other evidence we have considered above, that AB will require substantial transformation if it is to return to profitability (see paragraph 6.29 above). The [REDACTED] Report stated that in order for AB to 'break even in economic terms', AB needed to do one of either: (a) reduce fixed costs by [REDACTED]%; (b) increase average prices by [REDACTED]%; or (c) increase volumes by [REDACTED]%, without any adverse impact on the remaining two, which it submitted would be impossible in practice.⁵⁵⁷
- 6.120 Further, the [REDACTED] Report explains that a '[REDACTED] model', or [REDACTED] or '[REDACTED] model' would be insufficient to reduce AB's costs to solve AB's financial difficulties as the cost savings would be substantially below the average losses AB currently experiences per average pack delivered.⁵⁵⁸

⁵⁵⁵ Third-party call note.

⁵⁵⁶ Third-Party call note.

⁵⁵⁷ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, pages 23-24.

⁵⁵⁸ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, paragraphs 41-45.

- 6.121 ABF submitted that the [REDACTED] Report showed that none of the restructuring options it explored would [REDACTED] bring AB back to profitability absent the Merger. This is because [REDACTED].⁵⁵⁹
- 6.122 We note that this report was not prepared in the ordinary course of business for ABF, but specifically for the purposes of our investigation.

Our assessment

- 6.123 The [REDACTED] Report aligns with ABF's submissions that its cost cutting, such as reducing headcount and bakery closures, has lowered AB's overall cost structure over the years, but this has not been sufficient to reduce its losses. [REDACTED] estimated that if AB were to continue trading over the next five years it would realise a discounted loss of £[REDACTED] million, [REDACTED]. The [REDACTED] Report also supports ABF's submission that moving to an [REDACTED] system would not be a viable solution for AB given that GMs that have logistic systems to receive plant bread on an [REDACTED] model account for only [REDACTED]% of AB's plant bread volumes.⁵⁶⁰
- 6.124 While we consider that the [REDACTED] Report is consistent with the submissions made by ABF that AB would require substantial transformation to return to profitability, we consider that there are limitations to it. For example:⁵⁶¹
- (a) The target improvements in price, volumes and fixed costs (set out in paragraph 6.118 above) assume that AB would need to achieve an '[REDACTED]' of EBIT, which the [REDACTED] Report determines as the EBIT required for AB's return on capital employed (**ROCE**) to equal ABF group's pre-tax weighted average cost of capital (or **WACC**) of [REDACTED]%. Applying ABF group's WACC as the target for AB may not be appropriate given: (i) ABF group's WACC reflects the risk profile of its entire portfolio, which includes [REDACTED] and other grocery brands (eg [REDACTED]) and is unlikely to be representative for AB's business; and (ii) ABF's target for a turnaround of the AB business, which has sustained losses over a long period of time, may be to return AB to some level of profitability below ABF's own WACC.
 - (b) While the [REDACTED] Report states that AB's financial position is '[REDACTED]' and that the appropriate counterfactual to the Merger is that AB would exit the supply of bakery products in GB and NI entirely, given AB NI makes a positive contribution to central costs, it does not explain why its conclusion should apply equally to both GB and NI.

⁵⁵⁹ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.11.

⁵⁶⁰ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, paragraph 45.

⁵⁶¹ ABF internal document, Annex 0004 to the FMN dated 18 December 2025, pages 23-24.

- 6.125 We also consider that there are limitations to the liquidation values included in the [X] Report, and our assessment of those, is discussed further below at paragraphs 6.181 to 6.185.
- 6.126 While we consider that the [X] Report has certain limitations, we consider that it shows both the scale of the challenge required to return AB to profitability and the infeasibility of certain options to turn the business around, which is generally consistent with the other evidence that we have assessed above.

Provisional views on the strategic options considered but not pursued

- 6.127 We consider that contemplation of the Merger may have had some impact on ABF's incentives to pursue transformational changes to AB, and the way options and decisions were described and recorded in internal documents.
- 6.128 Nevertheless, the evidence shows that ABF has considered a wide range of options to restructure AB over a significant period of time. Specifically, the [X] work considered a '[X]' model and a '[X]' (or RDC) model; the [X] Report considered eight options, including rationalising the customer base, a merger with Hovis, a JV and exit; and other ABF internal documents consider JVs and potential collaboration (with [X]), the use of third-party distributors and a [X]. However, for the reasons set out above, we consider that a number of the restructuring options considered by ABF outside of AB's own structural reductions in production and distribution sites would require significant buy-in from third parties, primarily GMs (but also distribution collaboration JV partners), which has not been forthcoming. We further consider that even if some of these options were implemented, given the scale of the financial difficulties experienced by AB, they would not be sufficient to return AB to profitability. The financial difficulties of AB have been assessed both internally by ABF and by its external consultants, over a significant number of years, and this is indicative of the challenges faced by ABF in returning AB to profitability via the various restructuring options considered over this time.
- 6.129 We therefore consider it unlikely that the options considered by ABF could be implemented successfully, but even if they could we consider it unlikely that they would yield sufficient benefits to return AB to profitability, given the scale of AB's losses and the structural decline in the market.
- 6.130 In the next section we consider whether there are any other options which ABF or AB could have explored to restructure the AB business.

Options to restructure the business that have not been considered

- 6.131 As we cannot exclude that discussions between ABF and Hovis (or its owners at the relevant times) may have impacted the options considered by ABF to restructure AB, we have also assessed other restructuring options that were not

considered by ABF. In particular, as set out above, ABF has examined restructuring options aimed at improving the efficiency of the AB business. However, it has not examined revenue growth options beyond some small scale product development (see paragraph 6.38 above) to improve AB's financial position.

- 6.132 In the absence of ABF considering revenue growth options for AB, to understand what revenue growth options, if any, AB could have implemented, we have assessed the extent to which the innovation and growth synergies which, in ABF's view, would result from the Merger⁵⁶² (the **Innovation Synergies**) could be achieved in isolation by AB and the impact this would have on its financial position.

ABF's views

- 6.133 ABF submitted that [REDACTED].⁵⁶³ It submitted that these required [REDACTED].⁵⁶⁴ ABF also submitted that the financial position of AB made it unable to [REDACTED].⁵⁶⁵ ABF further submitted that [REDACTED].⁵⁶⁶

Our assessment

- 6.134 We considered whether the Innovation Synergies contemplated by ABF for the Merged Entity could be a relevant proxy for the possible revenue initiatives that ABF and AB management could have pursued to address AB's financial position absent the Merger. Based on our assessment, we consider that such revenue-enhancing initiatives alone would be unlikely to return AB to profitability, for the following main reasons:

- (a) The Innovation Synergies focus on [REDACTED] the Hovis brand which we have been told by a third party⁵⁶⁷ is considered to be [REDACTED] the Kingsmill brand. This would also appear to be the view of ABF as ABF has chosen to [REDACTED] this brand in the Merger synergies [REDACTED].⁵⁶⁸ We also note [REDACTED] the decline of the Kingsmill brand from a [REDACTED]% share of lpw to [REDACTED]% between 2004 and 2024 (see paragraph 6.27(a)). Hence were AB to attempt similar revenue initiatives in the absence of the Merger, it would require further [REDACTED] costs that may reduce the returns, possibly making the Innovation Synergies unviable;

⁵⁶² In summary, the post-Merger Innovation Synergies: (a) involve new product development across [REDACTED] product categories; (b) are forecast to have an EBITDA benefit of £[REDACTED] million in 2028; £[REDACTED] million in 2029 and £[REDACTED] million in 2035; and (c) focus on [REDACTED] the Hovis brand [REDACTED] and require total direct investment of around £[REDACTED] million. See ABF internal document, Annex ABF005429 to the FMN dated 18 December 2025, slide 8.

⁵⁶³ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 3.22 and 3.24.

⁵⁶⁴ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.24.

⁵⁶⁵ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.24.

⁵⁶⁶ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.22.

⁵⁶⁷ Third-party call note. [REDACTED] (Third-party call note).

⁵⁶⁸ ABF Internal Document, Annex ABF005429 to the FMN dated 18 December 2025, slide 8.

- (b) The Innovation Synergies also leverage existing [X] with a £[X] million investment at [X] bakery to [X]⁵⁶⁹ as well as its existing customer relationships (eg [X] is a supplier to [X] in GB, while [X] GB stores).⁵⁷⁰ In the absence of these assets, it may prove more difficult for AB to implement these options or reduce the benefits associated with them;
- (c) Even if the full quantum of the annual EBITDA uplift from the Innovation Synergies could be achieved for AB, this would be insufficient, in isolation, to cover the annual losses incurred by AB; and
- (d) It would take some time to fully realise the benefits of the Innovation Synergies (with an EBITDA uplift of only around £[X] million and £[X] million in 2027 and 2028 respectively) meaning that even if the Innovation Synergies were able to fully offset AB's losses (which they are not), it would take some time for them to do so during which period ABF would have to continue to sustain AB's losses.

6.135 We also note that if a combination of revenue and structural business efficiencies initiatives were pursued, then it is likely that the latter would have to be implemented before the former. This is because it is likely that any structural changes to production or distribution facilities would have to be embedded prior to major new product launches. As we have set out earlier in paragraphs 6.126 to 6.128, we considered it unlikely that the structural options considered by ABF could be implemented, or even if they could be implemented, that they would yield sufficient benefits to return AB to profitability. Further, there may be issues around sequencing and capacity to manage change within AB that could delay their implementation until after any business efficiencies are in place.

6.136 Based on the evidence set out above, our provisional view is that it is unlikely that there are other options which have not been considered by ABF which would restore AB's profitability. In particular, revenue growth initiatives alone are unlikely to be sufficient to improve AB's position in isolation, the benefits take a number of years to be realised (during which losses would need to be funded) and there are a number of feasibility and execution risks associated with them. Taken together with our assessment of the options considered but not pursued, we provisionally consider that AB is unable to restructure itself successfully.

ABF's incentive to retain AB in the context of the financial and strategic value of AB to the ABF group

6.137 In paragraph 6.33, we considered that ABF would have the ability to continue to provide financial support for AB. In this section, we consider ABF's incentive to

⁵⁶⁹ See Parties' response to the CMA's RFI dated 27 January 2026, paragraph 1.2.

⁵⁷⁰ FMN, summary paragraphs 24 and 27, and paragraph 14.78.2 table 23.

continue providing financial support to AB, and in particular, whether ABF has an incentive to retain AB given the financial and strategic value to ABF of continuing to operate the AB business.⁵⁷¹

- 6.138 Our assessment of AB's financial value to ABF considers: (i) AB's financial contribution to the ABF Grocery division and wider ABF group; and (ii) the value of the intra-group transactions between AB and other ABF group entities to assess the financial impact of AB's exit on these entities.
- 6.139 [REDACTED] of ABF's total global revenues of £19.5 billion, and [REDACTED]% of the ABF Grocery division, of which AB is a part.⁵⁷²
- 6.140 As set out in paragraph 6.31 above, [REDACTED]. Our analysis shows that [REDACTED]. The impact of this loss of profit is significantly lower than the losses incurred by AB, representing around [REDACTED]% of AB's 2024/25 trading losses (as set out in Table 6.1 above).⁵⁷³
- 6.141 In addition to AB's financial value to the ABF group, we also assessed its potential broader strategic value to ABF. As part of this assessment, we considered other potential spillover benefits to ABF of continuing to operate AB, which may potentially be lost should ABF exit the AB business. In particular, we considered: (i) ABF's use of AB's distribution network, and (ii) the impact of an AB exit on ABF's wider relationships.
- 6.142 We considered the extent to which AB's distribution capabilities benefit the wider ABF group, and whether AB's exit would result in diminished servicing capability and therefore present a loss of value.
- 6.143 There are [REDACTED] examples of AB distributing products manufactured by other ABF businesses to customers. These involve the transportation of one specific product to two GM customers (American Muffins at ambient temperature to [REDACTED]).⁵⁷⁴ We note that in the case of [REDACTED], AB does not deliver direct to store, but rather to [REDACTED] RDCs. We also note that these [REDACTED] examples are the exception, as [REDACTED]⁵⁷⁵ typically uses a third-party logistics provider to deliver its products.⁵⁷⁶ As the Parties and third parties⁵⁷⁷ have told us that there are alternative networks that can

⁵⁷¹ [CMA129](#), paragraph 3.28.

⁵⁷² AB activities are part of ABF Grain Products Limited, a sub-segment of the wider ABF Grocery division. FMN, paragraph 24.22. As per ABF's response to the CMA's RFI dated 6 November 2025 at paragraph 9.4, [REDACTED].

⁵⁷³ ABF submitted that, if AB were to exit, it would be able to replace any [REDACTED] (FMN, paragraph 10.99). Given the likely impact of any [REDACTED] profit is significantly lower than the losses currently being made by AB, we don't consider that the supply relationship between [REDACTED] and AB would alter the incentives of ABF to close AB. Therefore, we have not considered whether [REDACTED] in detail.

⁵⁷⁴ FMN, paragraph 14.16.

⁵⁷⁵ [REDACTED] (FMN, paragraph 3.7).

⁵⁷⁶ FMN, paragraph 14.16. [REDACTED].

⁵⁷⁷ Third-party call note. and Third-party call note.

provide RDC delivery, we consider that in the absence of AB's distribution network these products could be delivered via RDC by a third party.

- 6.144 Given that other businesses within the ABF Grocery division supply a variety of consumer food products to the same customers as AB, we also considered the potential impact of AB's exit on ABF's overall relationships with its customers and whether this would make it less likely that ABF would close the AB business.
- 6.145 ABF submitted that specific terms are negotiated separately by product rather than bundled into one customer-focused contract, and therefore, an exit of AB would not have a direct impact on other ABF businesses' supply of products to GMs.⁵⁷⁸ This was corroborated by a GM who told us that while ABF supplied it with multiple different brands from different ABF business units, commercial agreements for these products are negotiated separately with each business unit.⁵⁷⁹ This third party also told us that these products are not grouped together in store, nor are there any synergies in how they are managed or supplied.⁵⁸⁰
- 6.146 However, one GM told us that an uncontrolled exit by one of the Parties could lead to sharp price spikes and supply disruption, whereas a managed exit would result in 'tolerable' inflation.⁵⁸¹ ABF's internal documents also indicate that its management was aware that an exit of AB may result in [REDACTED].⁵⁸² As such, ABF submitted that under an AB exit scenario, [REDACTED].⁵⁸³ This is also reflected in ABF's internal documents (discussed in more detail in paragraph 6.188 below) which show an awareness of the issue and a plan for an [REDACTED] of the AB business to ensure [REDACTED] and to provide [REDACTED] for customers to secure alternative supply arrangements.⁵⁸⁴
- 6.147 We consider that these steps may adequately mitigate the wider relationship risk for ABF and that this is, therefore, unlikely to deter ABF from exiting AB.
- 6.148 Based on the evidence above, we have identified some benefits to the wider ABF group of continuing to operate the AB business. However, we consider that the financial impact of AB's exit on other ABF entities and the loss of any spillover benefits for the wider ABF group are not material compared to the financial losses suffered by AB, and consequently are not sufficient to incentivise ABF to continue to provide financial support to AB.

⁵⁷⁸ Parties' phase 2 teach-in, 21 January 2026. We have corroborated this submission with customers and understand that product categories are generally purchased separately, with little wider group interactions between GMs and ABF. Third-party call note; Third-party call note; and Third-party call note.

⁵⁷⁹ Third-party call note

⁵⁸⁰ Third-party call note

⁵⁸¹ Third-party call note.

⁵⁸² For instance, ABF Internal Document, Annex ABF005064 to the FMN dated 18 December 2025, slide 8.

⁵⁸³ FMN, paragraphs 10.56 and 10.87.

⁵⁸⁴ FMN, paragraph 10.56.

ABF's incentive to retain AB NI

- 6.149 As set out in paragraph 6.9, ABF submitted that, absent the Merger, AB would exit. In particular, ABF submitted that it would exit the UK, ie GB and NI.⁵⁸⁵ However, ABF also acknowledged that AB NI is profitable (excluding central costs).⁵⁸⁶ In this section, we therefore consider whether an exit by AB would include the whole of the UK, or whether ABF would likely retain the NI business.
- 6.150 We first consider ABF's internal documents, and specifically whether AB NI is considered separately in discussions relating to exit. We then consider the separability of AB NI from AB, the financial performance of AB NI and whether there is a strategic benefit to ABF of retaining the NI business.

Internal documents

- 6.151 As set out in paragraph 6.14, there are a number of documents that discuss exit by AB for the whole of the UK, or that include NI in any exit planning. For example:
- (a) A [REDACTED] 2025 financial model which was prepared internally by ABF and presented to the ABF board in [REDACTED] 2025 (see paragraph 6.181(b) below) and to the ABF Executive Committee in [REDACTED] 2025⁵⁸⁷ (the **Board Model**) shows the [REDACTED] for the UK as a whole and therefore includes NI.
 - (b) The minutes of the ABF board meeting held on [REDACTED] 2024 refer to '[REDACTED]'.⁵⁸⁸
 - (c) The speaking notes used by ABF's Finance Director at the same board meeting recommend that ABF should develop and implement a '[REDACTED]'.⁵⁸⁹
 - (d) The presentation dated [REDACTED] 2024 used by ABF's CEO at the [REDACTED] 2024 board meeting refers to the option for ABF to exit the wrapped bread market.⁵⁹⁰
 - (e) The [REDACTED] Report concluded that '[REDACTED]' due to negative NPVs for the remaining options. We note that the [REDACTED] Report did not draw any distinction between GB and NI, aside from noting that the Belfast site '[REDACTED]'.⁵⁹¹
 - (f) An email from the AB CEO to members of AB management on [REDACTED] 2022 notes that while '[REDACTED]' in the context of restructuring at the time, it goes on to state that '[REDACTED]'.⁵⁹² (which suggests an exit in the whole of the UK was contemplated).

⁵⁸⁵ ABF Internal Document, Annex ABF005505 to the FMN dated 18 December 2025.

⁵⁸⁶ FMN, paragraph 14.123.

⁵⁸⁷ ABF Internal Document, Annex ABF005429 to the FMN dated 18 December 2025, slide 19.

⁵⁸⁸ ABF Internal Document, Annex ABF005505 to the FMN dated 18 December 2025, page 3.

⁵⁸⁹ ABF Internal Document, Annex ABF005110 to the FMN dated 18 December 2025, page 1.

⁵⁹⁰ ABF Internal Document, Annex ABF005064 to the FMN dated 18 December 2025, slide 5.

⁵⁹¹ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 46.

⁵⁹² ABF Internal Document, ABF007094 to the FMN dated 18 December 2025, page 1.

6.152 However, other ABF internal documents refer specifically to exit in GB or are unclear on whether AB NI may be retained. For example:

- (a) The minutes recording the board meeting held on [REDACTED] 2022 refer to the possibility of the total closure of AB in Great Britain, rather than for the whole of the UK.⁵⁹³
- (b) An ABF internal document from [REDACTED] 2022, which considers '[REDACTED]', states that the current preference is to [REDACTED], but AB NI ([REDACTED]) are categorised differently. NI is described as '[REDACTED]' and the document notes that NI will not '[REDACTED]'.⁵⁹⁴ The reference to profit (for ABF), and the statement that '[REDACTED]', implies that [REDACTED].

6.153 Given that some documents refer to exit in GB specifically rather than the UK or are unclear on scope, we do not consider that the internal documents provide clear evidence that, absent the Merger, ABF would have closed the whole of its UK operations and would not have retained AB NI. We have however taken them into account as part of an in the round assessment with the other evidence discussed below.

Separability of AB NI

6.154 AB NI has its own production and distribution facilities:⁵⁹⁵

- (a) The bakery facility, located in Belfast, has [REDACTED] production lines providing the capability to manufacture plant bread, pancakes and soda and potato farls.
- (b) Distribution is conducted from three Northern Irish sites (Belfast, Dungannon and Coleraine) and spans [REDACTED] routes, with daily deliveries also made to key customers and GM multiples in the ROI.

6.155 In terms of the services AB NI receives from [REDACTED], ABF told us that: (i) AB NI receives central support functions [REDACTED]; and (ii) AB NI also receives [REDACTED].⁵⁹⁶

6.156 ABF also told us that there are a number of products supplied between AB GB and AB NI:

- (a) AB GB supplies AB NI with around [REDACTED]% of its plant bread sales ([REDACTED] loaves which are low-volume speciality SKUs) and [REDACTED] packs of morning goods /

⁵⁹³ ABF Internal Document, Annex ABF005508 to the FMN dated 18 December 2025, page 1.

⁵⁹⁴ ABF Internal Document, Annex 28 to the FMN dated 18 December 2025, slide 5.

⁵⁹⁵ See slides 5 and 6 of '[REDACTED]' provided in an email dated 23 December 2025 from the Parties providing an update on the NI sale process for AB NI.

⁵⁹⁶ See '[REDACTED]' provided in an email dated 26 February 2026 from ABF ahead of a call with the CMA.

rolls per week.⁵⁹⁷ We note that [REDACTED] for plant bread, but the products supplied by AB GB are speciality products.⁵⁹⁸

(b) AB NI also supplies [REDACTED] packs of morning goods ([REDACTED]) and around [REDACTED] Kingsmill Ipw to AB GB.⁵⁹⁹

(c) [REDACTED].⁶⁰⁰

6.157 Our provisional view is that it is likely that the AB NI business can be separated from the AB UK business for the following reasons:

(a) From an operational perspective, AB NI is largely self-sufficient with only a relatively small percentage of its products manufactured outside AB NI.

(b) Whilst AB NI relies on AB UK and ABF for some central functions, these could be replaced either through outsourcing to third parties or building the required capability in-house.

(c) AB NI could continue to source flour from [REDACTED] following AB GB's exit or from an alternative supplier.

6.158 Our provisional view is also corroborated by the current sales process for AB NI, which as discussed further below seeks to sell AB NI as a separate business from AB GB.⁶⁰¹

Financial performance of AB NI

6.159 In this section we assess the financial performance of AB NI, the potential impact of exit by AB GB on the NI business and the liquidation value for AB NI.

Profitability

6.160 Table 6.2 below shows the financial results of AB NI for the last three financial years.

⁵⁹⁷ See '[REDACTED]' provided in an email dated 26 February 2026 from ABF ahead of a call with the CMA.

⁵⁹⁸ See slide 13 of '[REDACTED]' provided in an email dated 23 December 2025 from the Parties providing an update on the NI sale process for AB NI.

⁵⁹⁹ See '[REDACTED]' provided in an email dated 26 February 2026 from ABF ahead of a call with the CMA.

⁶⁰⁰ See '[REDACTED]' provided in an email dated 26 February 2026 from ABF ahead of a call with the CMA.

⁶⁰¹ See '[REDACTED]' provided in an email dated 23 December 2025 from the Parties providing an update on the NI sale process for AB NI.

Table 6.2: AB NI Profit and Loss Statement from Financial Year 2022/23 to 2024/25⁶⁰²

	£m		
	2022/23	2023/24	2024/25
Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Production costs	[REDACTED]	[REDACTED]	[REDACTED]
Distribution costs	[REDACTED]	[REDACTED]	[REDACTED]
Profit	[REDACTED]	[REDACTED]	[REDACTED]

Source: [REDACTED]. ABF. '[REDACTED]' provided by the Parties in an email dated 23 December 2025 when providing an update on the NI sale process for AB NI.

6.161 Financial data shows that AB NI is profitable, excluding central costs, with profits of approximately £[REDACTED] million in FY2025. However, financial data also demonstrates that the profitability of AB NI has declined from £[REDACTED] million in FY2024 to £[REDACTED] million in FY2025. We note from the financial summary above that this appears to be driven by a £[REDACTED] million reduction in revenue with limited corresponding reduction in costs, due in part to the fixed cost nature of the business (as set out more generally for the AB business in paragraph 6.27(b)).

Impact of exit of AB GB on NI business

6.162 The profitability figures set out above are likely to overstate the financial position of AB NI, as they do not include any central costs. These central cost items include [REDACTED] which are unlikely to be specific to the bakery industry. As such, these could in principle be provided by other group businesses if ABF were to retain AB NI.

6.163 We note that AB NI is a relatively small part of the overall AB business, accounting for [REDACTED]% of total sales revenues in FY2025.⁶⁰³ However, given the relatively low profitability of AB NI, at just £[REDACTED] million in FY2025, the relevant central costs would need to be quite limited for the business to be profitable once those costs are properly accounted for.

6.164 Further, as set out in paragraph 6.156, the NI business currently supplies products into GB, and also receives products from the GB business. Accordingly, exit by ABF in GB may impact the profitability of the NI business, if retained on a standalone basis.

6.165 In particular, products supplied by AB NI into GB rely on AB's supply contracts with customers in GB, and the GB distribution network.⁶⁰⁴ This includes the inter-bakery network, and for those customers requiring DTS delivery, AB's nationwide

⁶⁰² For the avoidance of doubt, AB NI's financial information is included within AB's overall financial information presented at Table 6.1 above. Only AB NI's financial information is presented in this table to show AB NI's profitability.

⁶⁰³ CMA analysis based on the financial information in Table 6.2 above and Table 6.1 for the whole AB business in paragraph 6.29.

⁶⁰⁴ Parties' ISM transcript, 4 February 2026, page 63, lines 15-24; and ABF internal document, attachment to Parties' email to the CMA dated 26 February 2026.

DTS delivery network.⁶⁰⁵ The exit of AB's GB business may therefore put these volumes at risk.

- 6.166 ABF has submitted that, if it were to exit in GB, there would be insufficient capacity remaining in the market to satisfy total demand for plant bread.⁶⁰⁶ To mitigate the risk of supply shortages, and maintain relationships with customers, ABF has modelled a phased exit. A phased exit would give customers time to find alternative supply arrangements, and given spare capacity at AB NI for plant bread, any supply shortages in GB may represent an opportunity for AB NI to increase volumes if alternative distribution arrangements can be put in place.
- 6.167 However, we also note that plant bread is bulky to transport, and additional time in the distribution network to transport the product from NI into GB will impact product freshness and shelf life, which is an important consideration for customers (see paragraph 6.69 above). This could limit the opportunity for AB NI to increase the volume supplied into GB.

Liquidation value

- 6.168 Our analysis shows that [REDACTED]. Using the Board Model as a basis (see paragraph 6.183 below), we calculate [REDACTED].⁶⁰⁷

Strategic rationale

- 6.169 As set out in paragraph 6.9, ABF submitted that its intention to either proceed with the Merger or for AB to exit is driven by the financial circumstances facing AB. In particular, the rationale for exiting the market is to avoid the ongoing losses faced by AB.
- 6.170 As set out above, AB NI is profitable (excluding central costs), and while profitability has declined over the last year, the business does not appear to be loss making. The strategic rationale for exit is therefore less likely to apply for the AB NI business.
- 6.171 However, ABF has submitted that there is no strategic benefit to retaining the AB NI business on exit, and we have found no evidence to contradict this.

⁶⁰⁵ ABF's response to the CMA RFI dated 9 February 2026, question 1(b).

⁶⁰⁶ FMN, paragraph 10.64.

⁶⁰⁷ CMA calculations based on ABF internal document, Annex ABF006781 to ABF's response to the CMA's s109 Notice dated 1 October 2025. This is the net amount of redundancy costs, contract exit costs, [REDACTED]% of Plant and Machinery [REDACTED] and the property value of the sites. It excludes any trading profits or losses from a staged withdrawal as these have not been allocated to the individual sites.

Provisional view

6.172 Based on the evidence set out above, on balance, our provisional view is that Limb 1 is met in respect of AB's NI business.

- (a) While we note above the limitations regarding the internal documents, the documents show that from 2023 onwards discussions relating to exit appear to refer to the whole of the UK.
- (b) The NI business can be separated and could therefore be retained by ABF. Further, the net costs of liquidating NI are £[~~3~~] million. However, profitability has declined in the last year, and the business may not be profitable once central costs are accounted for. Given the low levels of profitability, central costs would need to be limited for the business to remain profitable.
- (c) AB NI currently supplies products for AB's GB business, which may be lost on exit. While there may be some potential to increase supply into GB if there is a supply shortage following AB's GB exit, this would require new distribution arrangements to be put in place. Further, the volume of plant bread that can be supplied may be limited by the fact that bread is bulky to transport, and supply from NI into GB may impact product freshness and shelf life which is important to customers.
- (d) Finally, there is no evidence to contradict ABF's submission that there is no strategic rationale to retain NI.

Provisional conclusion on Limb 1

6.173 Based on our assessment above, we provisionally conclude that absent the Merger, AB would likely exit the market in both GB and NI, and that Limb 1 of the exiting firm counterfactual test is met.

Limb 2: Alternative purchasers

6.174 As we have provisionally found that AB is likely to have exited absent the Merger (Limb 1), we now consider whether there would have been any alternative, less anti-competitive purchasers of the business (Limb 2).⁶⁰⁸ If the CMA considers that the most likely counterfactual would have involved an alternative purchaser for the firm or its assets, it will conduct its analysis of the impact on competition of the merger on the basis of that counterfactual.⁶⁰⁹

6.175 When considering if there would have been an alternative purchaser, the CMA will seek to identify who the alternative purchaser(s) might have been and take this

⁶⁰⁸ [CMA129](#), paragraph 3.30.

⁶⁰⁹ [CMA129](#), paragraph 3.31.

into account when determining the counterfactual. In that context, the CMA may consider the marketing process for the exiting firm as well as offers received for it.⁶¹⁰ In the present case, we note that ABF did not run a formal sale process for the whole of the AB business (nor for the GB part of the business).

6.176 The CMA will consider if there was an alternative purchaser willing to acquire the firm at any price above liquidation value.⁶¹¹ In the present case the acquiring firm is the exiting firm, and we therefore have assessed whether or not there would have been an alternative purchaser willing to acquire the AB business for any price above liquidation value.

6.177 In relation to Limb 2, ABF submitted that:

- (a) excluding trading losses, the liquidation value of AB was positive and therefore, it would receive more value from a liquidation of AB's assets than through a sale.⁶¹² ABF also submitted that this liquidation [redacted];⁶¹³ and
- (b) there was no realistic prospect of an alternative purchaser arising for the AB business above liquidation value, given the wider market decline and as evidenced by Morrison's unsuccessful attempts to sell its Rathbones bakery business.⁶¹⁴ ABF further submitted that AB was unlikely to be attractive to private equity buyers, given AB's loss-making position, in a market under conditions of general decline. As such, it submitted that AB was unlikely to generate the returns necessary for private equity buyers.

6.178 During the CMA's investigation, ABF initiated a sale process for the potential sale of AB's NI operations. Prior to commencing the sale process, ABF submitted [redacted]. However, ABF submitted that it nevertheless wished to explore this possibility given the different market dynamics in the island of Ireland. It further submitted that to the extent that such a purchaser could not be identified, the failed sale process would be relied upon as evidence of Limb 2 having been satisfied.⁶¹⁵

6.179 To assess Limb 2: (i) we first consider ABF's submission that absent the Merger, it would have liquidated the AB business rather than pursue a sale of the AB business; (ii) we then consider ABF's second submission and whether, absent the Merger, it was likely an alternative purchaser would have emerged for the AB business either as a whole or in part.

⁶¹⁰ [CMA129](#), paragraph 3.30.

⁶¹¹ [CMA129](#), paragraph 3.30.

⁶¹² FMN, paragraphs 8-9.

⁶¹³ FMN, paragraphs 8-9.

⁶¹⁴ FMN, paragraphs 1.58-1.60.

⁶¹⁵ FMN, summary paragraph 56.

Whether ABF would have pursued a sale or liquidation of the AB business

Our assessment

- 6.180 As set out in paragraph 6.177(a) above, ABF submitted that it would receive more value from a liquidation of AB's assets than through a sale.⁶¹⁶
- 6.181 We have assessed ABF's incentives either to pursue a sale of the AB business or to liquidate by considering the financial and other benefits to ABF of these options.

Financial impact of liquidation

- 6.182 There are three models which assess the financial benefits of liquidation of the AB business. These are:
- (a) A [REDACTED] 2023 [REDACTED] estimate of the net revenue from liquidation (the [REDACTED] **Model**)⁶¹⁷ prepared as part of the [REDACTED] Report. As set out above, this paper was not presented directly to the ABF board, but its contents were verbally summarised by the ABF CEO when addressing the ABF board.
 - (b) The Board Model, a [REDACTED] 2025 financial model which was prepared internally by ABF.⁶¹⁸ The calculations from this model were provided as part of an assessment of liquidation as a 'Plan B' to the Merger and were presented to the ABF board in [REDACTED] and [REDACTED] 2025⁶¹⁹ and to the ABF Executive Committee in [REDACTED] 2025.⁶²⁰
 - (c) A financial model prepared by [REDACTED] as part of the [REDACTED] Report⁶²¹ (the [REDACTED] **Model**).
- 6.183 We note that the Board Model only examined the Merger or AB closure and did not explore sale of AB to an alternative purchaser, and that it was prepared after the September and October 2024 ABF board meetings when Merger discussions were progressing. Nevertheless, we set out below the reasons why we have placed most weight on the Board Model for the purpose of our assessment:
- (a) As we are assessing ABF's incentive to liquidate AB compared to pursuing a sale of the AB business, we have focused on the model which likely informed the ABF board's decisions:

⁶¹⁶ FMN, paragraphs 8-9.

⁶¹⁷ ABF internal document, Annex 37 to the FMN dated 18 December 2025, slide 50.

⁶¹⁸ ABF internal document, Annex ABF006781 to Parties' response to the CMA's RFI dated 1 October 2025, question 22.

⁶¹⁹ Parties' response to the CMA's RFI dated 9 December 2025, question 1. The Board pack extracts for [REDACTED] are provided in ABF Internal Document, Annex ABF 005785 to the FMN dated 18 December 2025; and ABF Internal Document, Annex ABF005785 to the FMN dated 18 December 2025 respectively. Note the presentations to the ABF Board and Executive Committee show [REDACTED]. [REDACTED].

⁶²⁰ ABF Internal Document, Annex ABF005429 to the FMN dated 18 December 2025, slide 19.

⁶²¹ ABF Internal Document, Annex 0005 to the FMN dated 18 December 2025.

- (i) The Board Model was presented to the ABF Board to inform discussions about liquidating AB as part of a ‘Plan B’ alternative to the Merger (albeit during a period when the Merger had already been in contemplation for some time).
 - (ii) In contrast, we note that the [REDACTED] Model⁶²² is not an internal AB document produced for the purposes of internal decision-making within ABF on whether to pursue the Merger but rather for the purposes of providing a submission to the CMA on the relative costs of continuing to run AB compared to the costs of exit.
- (b) While ABF told us that the Board Model was prepared for the purposes of providing a ‘quick snapshot’⁶²³ of the costs of closure and how these compared to the acquisition of Hovis and that it was intentionally ‘high level’,⁶²⁴ we consider that the estimations of redundancy costs, asset valuations and contract exit costs in the Board Model are more likely to be accurate than those in the [REDACTED] Model.⁶²⁵
- (i) In this regard, we note that in the Board model, these are based on:
 - (a) redundancy costs, which are calculated on a ‘bottom-up’ basis, eg by reference to AB’s [REDACTED];⁶²⁶
 - (b) contract exit costs, which are calculated by reference to the [REDACTED];⁶²⁷ and
 - (c) property asset valuations, which are calculated by reference to fair valuations provided by [REDACTED].⁶²⁸
 - (ii) In contrast, we note that the [REDACTED] Model has a significantly higher valuation of assets than the Board Model, eg the Board Model has a total asset valuation of £[REDACTED] million on an undiscounted cash basis

⁶²² The purpose of the [REDACTED] Model is not to give an estimate of liquidation costs but rather to compare the net cashflows for five years and ten years from September 2024 under scenarios in which ABF exits AB and in which ABF retains AB. As the [REDACTED] Model assumes the liquidation process commences in [REDACTED] 2026, it therefore includes around [REDACTED] of trading losses unrelated to the liquidation process meaning the liquidation value calculated understates the benefits of liquidation. Adjusting for these trading losses and also adjusting for the assumption that [REDACTED], we estimate that on a discounted cashflow basis, the liquidation model would show a neutral financial impact from liquidation with a discounted cashflow value of approximately £[REDACTED]. ABF later confirmed that [REDACTED] (Parties’ response to the CMA’s RFI dated 24 September 2025, question 16). We note that this model however is also sensitive to assumptions particularly around the length of the period for which AB is required to trade during the liquidation scenario to provide an orderly withdrawal from the market and also its assumptions on cost movements during this time. We note that [REDACTED] has assumed that costs reduce on a linear basis to revenue in this scenario despite the high fixed costs of production and distribution in this market. For details of these assumptions (including those relating to [REDACTED]) see ABF’s Internal Document, Annex 0002 to the FMN dated 18 December 2025 the ‘Technical Annex’; and Parties’ response to the CMA’s RFI dated 6 November 2025, questions 16-18.

⁶²³ Parties’ response to the CMA’s RFI dated 9 December 2025, paragraph 1.3.

⁶²⁴ Parties’ response to the CMA’s RFI dated 9 December 2025, paragraph 1.4.

⁶²⁵ For completeness, the [REDACTED] Model envisages two scenarios one in which an ‘Exit as fast as possible’ is made and one in which ‘A gradual exit with a move to RDC’ is made. The ‘Exit as fast as possible’ scenario has a positive net liquidation value on a discounted cash basis of between £[REDACTED] million and £[REDACTED] million (including asset sales) and the ‘Gradual Exit with a move to RDC’ has a positive net liquidation value on a discounted cash basis of £[REDACTED] million. The difference between the two figures is driven by the higher trading losses incurred in the gradual exit scenario and the lower discounted value of the asset sales as they occur later due to the longer exit period (and hence are discounted more).

⁶²⁶ Parties’ response to the CMA’s RFI dated 9 December 2025, question (1b).

⁶²⁷ Parties’ response to the CMA’s RFI dated 9 December 2025, question (1b).

⁶²⁸ Parties’ response to the CMA’s RFI dated 9 December 2025, question (1b).

(plus potentially up to around an additional £[X] million [X]),⁶²⁹ whereas the [X] Model has an asset valuation of between £[X] million and £[X] million⁶³⁰ on a discounted cashflow basis (which will be more on an undiscounted cash basis). When compared to the estimates of the costs and revenues from liquidation, such a large difference in asset values has a significant impact on estimates of the financial impact of liquidation. As there are approximately two years between the preparation of these models it is unlikely that such a large discrepancy is accounted for by a change in asset valuations. Rather it would appear that the asset valuation in the [X] Model has been calculated using different estimates of asset values. We consider that the Board Model is likely to represent a more accurate valuation of the impact of liquidation than the [X] Model, due to the methodology used for the Board Model.

- 6.184 The Board Model, which was prepared on an undiscounted cash basis, showed a net cost of £[X] million from liquidation. It assumed that liquidation commences in [X] 2025 and takes [X] to complete (ending in [X] [X]). At the end of this period, [X] with the bakeries and depots closed and sold for alternative commercial property purposes. [X].
- 6.185 The [X] of £[X] million from liquidation was based on the following key components:
- (a) Redundancy costs of £[X] million, assumed to occur at the end of the liquidation period.⁶³¹
 - (b) Contract exit costs of £[X] million occurring in the financial year to [X].
 - (c) Trading losses over this [X]. These are based on AB's trading losses for the most recent financial year (financial year 2024) with an additional £[X] million of costs due to wage inflation.⁶³² No adjustment is made for any phased withdrawal of the business over this [X] period as AB exits the market (ie the full trading losses are assumed for this [X] period).⁶³³

⁶²⁹ Parties' response to the CMA's RFI dated 6 November 2025, question 17. This states that the net impact on a discounted cashflow basis of [X] from [X]% to [X]% is £[X] million in the [X] Model (including pre-liquidation losses) being the net increase from £[X] million to £[X] million in the net present value of the discounted cashflows. This would imply the total value [X] on a discounted cashflow basis is £[X] million with [X]% being £[X] million. We therefore estimate this to be around £[X] million on an undiscounted basis.

⁶³⁰ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 50. The discounted value of the assets on an 'exit as fast as possible basis' is £[X] million and the discounted value on a 'Gradual exit moving to RDC basis' is £[X] million. The value of the underlying assets on an undiscounted basis is expected to be the same with the difference being in the latter scenario it takes longer to realise the proceeds of the assets, so the underlying value is discounted more.

⁶³¹ Parties' response to the CMA's RFI dated 9 December 2025, paragraph 1.6.1.

⁶³² Parties' response to the CMA's RFI dated 9 December 2025, paragraph 1.6.2.

⁶³³ Parties' response to the CMA's RFI dated 9 December 2025, paragraph 1.6.2.

(d) The redundancy costs, contract exit costs and trading losses are partially offset by proceeds from property sales of £[redacted] million. These occur in the financial years [redacted].

6.186 In addition, ABF told us that, as a simplifying assumption, [redacted].⁶³⁴ Therefore, no value was attributed to the transfer of this plant and machinery in the model. As this transfer was not included, we do not know the actual cash value of the plant and machinery to be transferred. However, based on our analysis of the value of plant and machinery to be transferred to [redacted] in the [redacted] Model, we estimate this to have a value of around £[redacted] million.⁶³⁵ Therefore, even if this were to be included, the net liquidation cost would be around £[redacted] million.

Non-financial impacts of liquidation

6.187 ABF is a global food conglomerate that is active in the supply of a range of products to the GMs. These products include plant bakery products (AB), tea (Twining's), cereal (Jordans and Dorset Cereals), sugar (Silver Spoon, Billingtons), sports nutrition (High5 and Reflex), sweet and savoury snacks (Ryvita and Jordans), world food brands (Patak's and Blue Dragon) and private label rice and noodles (Westmill).⁶³⁶ Accordingly, AB shares a number of common customers with the wider ABF group. However, as noted at 6.144 above, ABF does not leverage its position across the portfolio companies, and negotiates supply arrangements separately for AB.

6.188 Internal ABF documents note that exit [redacted] but that this can be mitigated by a staged exit from the market.⁶³⁷ We note that the Board Model assumes a staged exit over [redacted]. This is consistent with third-party evidence on ABF's wider customer relationships with GMs and the need to avoid a sudden exit. For example, one third party stated that its relationship with ABF extends beyond AB, as it works with ABF across multiple grocery categories.⁶³⁸ The same third party also stated that a major supply risk would arise if AB or Hovis entered administration, further noting that both businesses are at risk as neither is currently profitable, and such an event would have serious consequences for food security. A controlled, managed decline is the customer's preferred outcome.⁶³⁹

⁶³⁴ Parties' response to the CMA's RFI dated 9 December 2025, paragraph 1.6.6.

⁶³⁵ Parties' response to the CMA's RFI dated 6 November 2025, question 17. This states that the net impact on a discounted cashflow basis of [redacted] from [redacted]% to [redacted]% is £[redacted] million in the [redacted] Model (including pre-liquidation losses) being the net increase from £[redacted] million to £[redacted] million in the net present value of the discounted cashflows. This would imply the total value of this plant and machinery on a discounted cashflow basis is £[redacted] million with [redacted]% being £[redacted] million. This is on a discounted cashflow basis so whilst it will have a higher value on a cash basis it is unlikely to be sufficient to offset the £[redacted] million loss from the model.

⁶³⁶ FMN, paragraph 19.1.

⁶³⁷ ABF Internal Document, Annex 37 to the FMN dated 18 December 2025, slide 49. This document states that a managed exit will [redacted]. See also ABF Internal Document, Annex ABF005064 to the FMN dated 18 December 2025, slide 8.

⁶³⁸ Third-party call note.

⁶³⁹ Third-party call note.

Our provisional views

- 6.189 We note that as set out above liquidation is forecast to have a significantly negative financial impact (a £[redacted] million loss) and there is also evidence of [redacted] to stakeholder relationships (albeit mitigated to some extent by a phased withdrawal).
- 6.190 To assess whether ABF would have the incentive to sell AB to a third party, rather than liquidate AB, we have assessed the relative benefits of liquidation compared to a sale. In our provisional view, as there is a financial cost of £[redacted] million from liquidating AB, we consider that ABF would be incentivised to avoid this through the sale of the whole of AB to a third party. We note that in this scenario the value that ABF would receive for AB is immaterial, rather it is the benefits of avoiding the liquidation costs that would incentivise it to sell. Therefore, any sale with a net cost of less than £[redacted] million would be more beneficial to ABF.
- 6.191 We next consider whether there is likely to be an alternative less anti-competitive purchaser for the AB business.

Availability of alternative purchasers

- 6.192 As ABF had not pursued a sales process for AB or its assets, prior to the AB NI sales process (which we assess later),⁶⁴⁰ 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.
- 6.193 The CMA's guidance states that we will not restrict our analysis to alternative purchasers who were willing to pay the same or similar price as that agreed in the merger under investigation but rather will consider if there was an alternative purchaser willing to acquire the firm at any price above liquidation value.⁶⁴¹ As explained above, the liquidation value is negative in this case meaning that any value, including ABF paying consideration up to the cost of liquidation, would be above liquidation value.
- 6.194 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 plant bread and morning goods on a national scale, particularly in GB for plant bread) is likely to be limited. As set out above, the market for plant bread is in structural decline. This in turn has had a particularly significant effect on profitability for suppliers such as AB, that offer DTS delivery on a nationwide basis, as they face high fixed costs from distribution. As volumes reduce, there is not a corresponding proportionate decline in costs. There has also been a shift from branded plant bread to lower margin private label plant bread and an increase in costs (eg due to energy, wheat and

⁶⁴⁰ We note, however, that [redacted]. FMN, paragraphs 24.79-24.83.

⁶⁴¹ [CMA129](#), paragraph 3.30.

labour) that may not have been passed on or may have been passed on with a delay. All these factors are likely to make this an unattractive sector for investors. Moreover, AB has been particularly affected, with the relative weakness of the Kingsmill brand contributing to the poor financial performance of AB. This is unlikely to make AB an attractive acquisition for potential purchasers. In addition, AB is loss-making, meaning any potential purchaser would require significant funding to absorb the losses as it seeks to turn the business around and would likely be required to generate synergies with its existing business in order to operate it profitably.⁶⁴²

6.195 In order to assess the potential universe of purchasers, we relied on a combination of: (a) ABF's internal documents that considered a potential sale of AB;⁶⁴³ (b) potential bidders identified by [REDACTED], for a sale of AB's NI operations;⁶⁴⁴ (c) firms that had previously reached out to ABF about a potential purchase of AB;⁶⁴⁵ (d) an assessment of Endless' internal documents that assessed potential purchasers for Hovis;⁶⁴⁶ and (e) documents prepared by [REDACTED] to assess a potential deal value for Hovis, that considered potential competing bidders for Hovis.⁶⁴⁷

Sale of AB as a whole

6.196 We note that ABF was approached by a [REDACTED] firm in August 2024 about a potential purchase of AB.⁶⁴⁸ This same firm had engaged in discussions with Endless regarding a potential purchase of Hovis between October 2023 and August 2024.⁶⁴⁹

6.197 When we spoke to this third party, it told us that it was not interested in a purchase of AB but rather approached ABF in order to assess if ABF was already in conversations with Endless regarding the Merger, as this third party's own conversations with Endless were not progressing.⁶⁵⁰ Further, this third party told us that its potential strategies for Hovis, which primarily involved leveraging Hovis' brand into adjacent markets, would not be viable for a purchase of AB. It told us that this strategy would require the Hovis brand which it considered was stronger

⁶⁴² See above at paragraph 6.31.

⁶⁴³ See for instance ABF internal document, Annex ABF006606 to the FMN dated 18 December 2025; and ABF Internal Document, Annex 28 to the FMN dated 18 December 2025, slide 21.

⁶⁴⁴ [REDACTED] provided in an email to the CMA dated 20 January 2026.

⁶⁴⁵ FMN, paragraphs 24.75-24.78.

⁶⁴⁶ Endless Internal Document, Annex 449 to the FMN dated 18 December 2025, slides 8-9.

⁶⁴⁷ ABF Internal Document, Annex 200 to the FMN dated 18 December 2025, slides 7-8.

⁶⁴⁸ ABF did also receive speculative interest from another [REDACTED] firm when the Merger was announced around potentially wider ABF divestments. We have, however, confirmed with this third party that they are not interested in the AB business. Third-party email to the CMA, dated 2 March 2026.

⁶⁴⁹ As well as contacting Morrisons with regards to purchasing the Rathbones bakery, a sales process it did not progress with. Third-party call note.

⁶⁵⁰ Third-party call note.

than Kingsmill, which was not a strong brand.⁶⁵¹ As such, this third party did not consider raising funds for a potential purchase of AB.⁶⁵²

6.198 We note that through our outreach to potential purchasers, and other third parties, we were consistently told that:

- (a) plant bread, particularly in GB, was generally an unattractive market to enter due to low margins, which had seen companies going into administration.⁶⁵³ As set out in our assessment of Limb 1 above, Jacksons (2023) and Roberts (2025) were sold in a pre-packaged administration process;
- (b) AB was known to be a loss-making business that might have been continued to be supported by ABF out of sentimentality;⁶⁵⁴
- (c) Kingsmill is the weakest of the major plant bread brands and has been losing volumes for a significant period of time,⁶⁵⁵ although in contrast to the relatively weak position of the Kingsmill brand in GB, AB's brands in NI are stronger, established and well recognised (see Chapter 4 above and Chapter 7 below)
- (d) there are limited synergies of the AB assets to adjacent markets (in particular, most morning goods can be distributed through an RDC model due to their longer shelf-life, with a limited requirement for a DTS system);⁶⁵⁶
- (e) AB had focused on its declining core bread market unlike some plant bread competitors who had instead expanded in growing markets such as morning goods;⁶⁵⁷ and
- (f) due to limited returns, the level of investment required and the limited scope to reduce costs further,⁶⁵⁸ AB was unlikely to be appealing to a PE buyer.⁶⁵⁹

6.199 When we asked potential strategic purchasers whether they would be interested if, on a hypothetical basis, they had been approached by ABF regarding a potential purchase of AB, none of these third parties indicated that they would be interested in such an opportunity.⁶⁶⁰

⁶⁵¹ Third-party call note.

⁶⁵² Third-party call note.

⁶⁵³ Third-party call note; Third-party call note; and Third-party call note.

⁶⁵⁴ We note that AB was originally started by the current CEO of ABF's family. Third-party call note; Third-party call note; and Third-party call note.

⁶⁵⁵ Third-party call note.

⁶⁵⁶ Third-party call note; Third-party call note; Third-party call note; and Third-party call note.

⁶⁵⁷ Third-party call note; and Third-party call note.

⁶⁵⁸ Third-party call note; and Third-party call note.

⁶⁵⁹ Third-party call note; and Third-party call note.

⁶⁶⁰ Third-party response to the CMA questionnaire dated 3 February 2026; Third-party responses to the CMA questionnaire dated 29 January 2026; Third-party call note; Third-party call note; and Third-party call note. We reached out to [REDACTED] but received no response.

6.200 Given the structural challenges facing the industry and the specific challenges facing AB and our extensive outreach, we do not consider that there would be a potential purchaser for AB as a whole (ie AB's UK business).

Partial sale of AB

6.201 Having provisionally concluded that it is unlikely that an alternative purchaser would have emerged for the whole AB business, we assess whether there is likely to be an alternative purchaser for parts of the AB business.

6.202 During our outreach to third parties we note that, with the exception of the third party noted above (see paragraph 6.196 above), no third parties expressed any interest in making acquisitions in the plant bread market in GB.^{661,662} In the case of the third party discussed above, we note that the rationale for its interest in Hovis was to leverage the brand into other markets. Therefore, we have no evidence of any interest in a partial sale of AB from this outreach.

6.203 Although no one expressed interest to us directly, we also considered, having regard to AB's assets and market wide factors, the attractiveness of acquiring only part of the business to a potential purchaser. We also considered AB's incentive to pursue such a sale.

Sale of AB GB sites

6.204 We first considered whether a likely purchaser would emerge for any of AB's GB sites. As noted above, to operate a nationwide DTS delivery model profitably, sufficient scale is required in terms of plant bread volumes and distribution and production facilities. We note that the Parties have been unable to operate a DTS delivery model profitably, and an acquisition by another large national supplier of plant bread with an existing DTS delivery model would likely raise competition concerns. We consider that smaller players would be worse placed than the Parties to operate a nationwide DTS delivery model profitably, given their lack of scale. For these reasons, we consider it unlikely that there is a less anti-competitive purchaser (ie when compared to the Merger) with sufficient scale to be

⁶⁶¹ Third-party call note; Third-party call note; Third-party call note; Third-party response to the CMA questionnaire dated 3 February 2026; Third-party response to the CMA questionnaire dated 5 February 2026; Third-party responses to the CMA's questionnaire dated 29 January 2026; and Third-party response to CMA's questionnaire dated 25 February 2026.

⁶⁶² The CMA was contacted by one third party in relation to AB's West Bromwich site. The contact was made by this third party in the context of it being a possible remedy taker. However, as the third party is not currently active in the supply of plant bread and other bakery products to retail customers in GB, and the evidence indicates that it intends to use the West Bromwich site to supply other customer types, we do not consider that it would operate the site in competition with Hovis. Therefore, we do not discuss this third party as a possible alternative purchaser for the AB assets in the remainder of this report (Third-party email to the CMA).

able to 'bolt-on' a collection of AB's GB assets in a partial sale and generate sufficient scale to operate them profitably on a DTS basis.⁶⁶³

- 6.205 Therefore, it would appear likely that there is no potential purchaser of a sub-set of AB's GB assets that could continue to supply those GMs that require DTS distribution in GB on AB's exit.
- 6.206 As the vast majority of GB plant bread sales occur through GMs⁶⁶⁴ and over half of all plant bread sales in GB are accounted for by GMs that require a nationwide DTS delivery network, any alternative purchaser would not be able to service them and hence replace the constraint that would be lost through the Merger in plant bread.
- 6.207 We also do not consider that ABF would be incentivised to pursue a partial sale of AB's GB assets. Above we set out our provisional view that ABF would be incentivised to explore a sale of the whole of AB to a third party rather than liquidate the assets for an alternative use given the negative liquidation value. This negative liquidation value is driven in part by significant trading losses of £[X] million that would be incurred in order to achieve a staged exit over [X], but that would be avoided through the sale of the entire AB business. Absent these trading losses, liquidation would have a positive cash value of £[X] million⁶⁶⁵ (plus any additional value attributed [X]).⁶⁶⁶
- 6.208 ABF's incentives to pursue a partial sale of AB's GB assets rather than liquidate the assets would therefore depend on the extent to which the purchaser of those assets would be able to continue to serve ABF's key customers, the GMs, and hence avoid the need for ABF to incur these trading losses. For the reasons above, we consider that a partial sale is unlikely to avoid these trading losses, because any purchaser of a sub-set of AB's assets would not have the scale to continue to supply existing GM customers on a DTS basis. We therefore consider that a partial sale of AB's GB assets would be less financially attractive than liquidation.
- 6.209 Therefore, in respect of a partial sale involving AB's GB assets, our provisional view is that absent the Merger, there would not have been an alternative purchaser for AB's GB assets on the basis of:

⁶⁶³ We note that even were AB combined with the next biggest competitor by market share, Jacksons, their combined share of supply would still be significantly below Hovis who is not currently able to operate its business profitably. As Fine Lady Bakeries has a larger share of supply than AB we do not consider it a less anti-competitive acquiror.

⁶⁶⁴ FMN, paragraph 25.

⁶⁶⁵ Being the £[X] million net cost of liquidation less the £[X] million trading losses in the model.

⁶⁶⁶ On a site by site basis CMA analysis of the individual site costs of liquidation shows that only potentially [X] bakery sites ([X]) could have a negative liquidation value (whereby the net total of redundancy costs, [X]% Plant and Machinery [X] and Property value is negative). [X]. However, this would require any purchaser to employ existing staff in such a way that ABF is not liable for redundancy payments

- (a) no third parties expressing any interest in such an acquisition during our outreach;
- (b) evidence indicating that alternative purchasers are likely to lack the scale to serve GM customers requiring DTS through a 'bolt-on' acquisition of GB assets (or a subset of those assets); and
- (c) our analysis which shows that AB would likely be incentivised to liquidate AB's GB assets rather than seek a partial sale of these assets where any purchaser cannot provide nationwide DTS distribution to GMs.

6.210 As such, our provisional view is therefore that Limb 2 of the exiting firm counterfactual is also met for AB GB.

Sale of AB NI

6.211 We now set out our assessment of whether Limb 2 is met for AB NI.

6.212 We have structured our assessment as follows:

- (a) we set out the Parties' views on limb 2 of the counterfactual for AB NI; and
- (b) we consider the likely availability of an alternative purchaser for AB NI.

ABF's submissions

6.213 ABF submitted that AB NI operated as a business unit within AB which was '[REDACTED]'.⁶⁶⁷ However, it further submitted that [REDACTED] and [REDACTED]. For example, it explained that, while AB NI operated its own production and distribution capabilities, it made products for GB customers and relied on AB's GB operations for the supply of certain other products as well as head office support.⁶⁶⁸ While it acknowledged that AB NI made a small profit, ABF submitted that this [REDACTED] given that this did not include a share of [REDACTED]. It explained that closure of AB GB's operations and the [REDACTED] would therefore mean [REDACTED].⁶⁶⁹ In relation to Limb 2, ABF stated that it considered the AB NI sales process as a proxy for Limb 2 and that, if no purchaser was forthcoming, Limb 2 would be met.⁶⁷⁰

Alternative purchaser for AB NI

6.214 In this section we consider whether it is likely that there would be an alternative purchaser for AB NI. As set out in Limb 1 above, we provisionally consider that AB NI can be separated from the GB business. We therefore consider (a) AB NI's

⁶⁶⁷ See '[REDACTED]' provided in an email dated 26 February 2026 from ABF ahead of a call with the CMA.

⁶⁶⁸ [Parties' response to the CMA 'Areas of focus' document](#), paragraph 3.31.

⁶⁶⁹ FMN, paragraphs 55-56; and [Parties' response to CMA 'Areas of Focus' Document](#), paragraphs 3.31-3.32.

⁶⁷⁰ [Parties' response to CMA 'Areas of Focus' Document](#), paragraphs 2.14 and 3.33.

liquidation value; (b) the attractiveness of the AB NI business to potential purchasers; and (c) the current AB NI sales process.

6.215 We then set out our provisional views on whether Limb 2 has been met for AB NI.

AB NI's liquidation value

6.216 Using the Board Model as a basis, we calculate [REDACTED].⁶⁷¹

6.217 As the liquidation value of AB NI is [REDACTED], ABF would have an incentive to sell AB NI to a third party [REDACTED].⁶⁷²

Attractiveness of the AB NI business to potential purchasers

6.218 We consider that there are relevant differences between GB and NI that impact whether it is likely that there would be an alternative purchaser for the NI business or its assets. In particular:

- (a) The customer base, which is broader in NI due to the higher proportion of convenience stores, results in less reliance on the GM's;⁶⁷³
- (b) Shares of supply data submitted by the Parties, shows that there are significant differences in the Parties' positions and the competitors active in GB and NI respectively. In NI, the competitor set includes certain ROI businesses which are smaller than each of the Parties, whereas Warburtons, the market leader in GB, has entered only very recently and only has a minor presence (see Chapter 7 below);⁶⁷⁴ and
- (c) There are different consumer preferences including the popularity of particular bakery products and the presence and popularity of particular brands and private label products in NI.
 - (i) For example, as set out in Chapter 5 above, customer evidence indicates that products such as soda farls and potato farls form an important part of the bakery offerings in NI stores but are not generally available across GB. This is consistent with the Parties' submissions that products such as soda bread, potato bread and wheaten bread are popular across the island of Ireland but are not widely marketed in GB.⁶⁷⁵

⁶⁷¹ CMA calculations based on ABF Internal Document, Annex ABF006781 to ABF's response to the CMA's s109 Notice dated 1 October 2025. This is the net amount of redundancy costs, contract exit costs, [REDACTED]% of Plant and Machinery [REDACTED] and the property value of the sites.

⁶⁷² Under the sale of AB NI as a going concern, [REDACTED].

⁶⁷³ [Parties' response to CMA 'Areas of Focus' Document](#), paragraphs 2.30, 2.32, 6.6 and 6.14.

⁶⁷⁴ FMN, paragraphs 12.27.2-12.27.6.

⁶⁷⁵ FMN, paragraphs 52 and 12.27.3.2; and [Parties' response to CMA 'Areas of Focus' Document](#), paragraph 6.5.

- (ii) As set out in Chapter 4 above, end consumers in NI are brand loyal, and in line with this, retailers in NI generally stock a lower proportion of private label products compared to GB.
- (iii) In contrast to the relatively weak position of the Kingsmill brand in GB, AB's brands in NI are stronger, established and well recognised.
- (d) Distribution differs with higher route densities and more use of third parties resulting in distribution costs for AB NI being lower than those of the AB GB business.⁶⁷⁶

6.219 These differences are reflected in the financial results for AB NI below that show that it made a small profit in each of the last three financial years (before the allocation of AB/ABF central costs).

Table 6.3: AB NI Profit and Loss Statement from Financial Years 2022/23 to 2024/25⁶⁷⁷

	£m		
	2022/23	2023/24	2024/25
Revenue	[REDACTED]	[REDACTED]	[REDACTED]
Production costs	[REDACTED]	[REDACTED]	[REDACTED]
Distribution costs	[REDACTED]	[REDACTED]	[REDACTED]
Profit	[REDACTED]	[REDACTED]	[REDACTED]

Source: ABF. '[REDACTED]' provided by the Parties in an email dated 23 December 2025 when providing an update on the NI sale process for AB NI.

6.220 From a financial perspective, based on the evidence available to us, we consider that an acquisition may be attractive to potential purchasers for the following reasons:

- (a) Unlike the AB GB business, which is heavily loss-making and requires significant restructuring or substantial synergies to be profitable, the AB NI business is profitable excluding central costs.
- (b) There may be potential purchasers who can generate the limited synergies required to operate the business profitably. For example, the Parties consider that under the Merger, there are significant synergies from combining two plant bread businesses.⁶⁷⁸ These include synergies from rationalising [REDACTED], increasing [REDACTED] and removing duplicate central costs. As set out above, unlike the GB market, there may be plant bread suppliers based in the ROI who may be able to generate the synergies required from this transaction to run the AB NI business profitably. Whilst those in adjacent markets will have reduced synergies (due to differences in production and product shelf life

⁶⁷⁶ FMN, paragraphs 12.27.4-12.27.5. [REDACTED]. Source: CMA analysis of slide 9, '[REDACTED]'; and ABF Internal Document, ABF006398 to the CMA's s109 notice, dated 1 October 2025, page 32.

⁶⁷⁷ See slide 9 of '[REDACTED]' provided in an email dated 23 December 2025 from the Parties providing an update on the NI sale process for AB NI.

⁶⁷⁸ ABF Internal Document, Annex ABF005429 to the FMN dated 18 December 2025, slide 19.

(which in turn impacts distribution models)) they may still be able to leverage areas such as central costs to run the business profitably.

- (c) The potential funding requirements are likely to be much lower than for AB GB. The AB NI business is not generating significant losses. Therefore, there is no need to fund these losses whilst also investing significantly to turn the business around, as is required with AB GB.
- (d) As set out above, AB NI currently sells some products to the GB market and has significant excess capacity in respect of these products. On the exit of AB GB from the market, we consider that there may be an opportunity for any acquirer to expand further into the UK market. Whilst AB NI would no longer have access to AB GB's distribution network, it may be able to make alternative distribution arrangements.

6.221 From a strategic perspective, there may be potential purchasers for whom the AB NI business is attractive. As set out in Chapter 4 above and Chapter 7 below the market for plant bread in NI is different from GB in that it is characterised by the two main competitors (the Parties) accounting for over 60% of the market, followed by three smaller suppliers with a share of less than 10% each and a tail of smaller suppliers. There are also barriers to entry and expansion for suppliers based in the ROI, including brand loyalty, the use of UK wide planograms by GMs that tend to favour suppliers with a presence in GB and NI, and access to distribution networks. The opportunity to acquire well-known brands in NI is likely to be attractive to any ROI producers looking to enter or expand. Similarly, the ability to acquire distribution capability (and potentially achieve some distribution synergies) may also be attractive. Therefore, there is likely to be a subset of potential purchasers for whom this business may represent an attractive strategic opportunity which does not apply to the UK business, namely ROI-based producers looking to enter or expand in the NI market.

Ongoing AB NI sale process

6.222 We note that there is a sales process for AB NI running in parallel alongside our investigation which at the time of writing is ongoing. In relation to potential purchasers contacted through this AB NI sale process, we note the following:

- (a) [REDACTED]⁶⁷⁹
- (b) [REDACTED]⁶⁸⁰

⁶⁷⁹ ABF response to the CMA's RFI dated 14 January 2026, paragraphs 1.1-1.3.

⁶⁸⁰ [REDACTED]. ABF response to the CMA's RFI, dated 14 January 2026, paragraph 1.4.

(c) [REDACTED]^{681,682}

- 6.223 We note that this is unlikely to be an exact proxy for the situation absent the Merger. In particular, the perimeter of the current transaction includes only a [REDACTED].⁶⁸³ This therefore precludes any acquirer [REDACTED] to compete with the Parties in GB and also introduces [REDACTED] should the Parties [REDACTED] outside the geographical island of Ireland. For example, if a [REDACTED], this could impact any potential acquirer.
- 6.224 Absent the Merger, as AB would be exiting the plant bread business, it would have no need to retain these brands, and hence we would expect the brand, rather than a geographically restricted licence, to be included in any sale.
- 6.225 Nevertheless, this sale has still generated some interest [REDACTED].⁶⁸⁴ We therefore consider this is consistent with other evidence above indicating that the AB NI business would be attractive to alternative purchasers absent the Merger.

Provisional conclusion on Limb 2 for AB NI

- 6.226 As set out above, AB NI's [REDACTED] liquidation value indicates that ABF would be incentivised to sell AB NI [REDACTED], and there are financial and strategic reasons to indicate that AB NI would be attractive to a potential purchaser. This is corroborated by the interest in the ongoing sales process for AB NI. We note that the potential bidders involved in the current sales process have been screened to include only those who would operate AB NI to serve the existing NI customer base.
- 6.227 Therefore, based on the evidence currently before us, we currently consider it likely that absent the Merger, there would be an alternative, less anti-competitive purchaser for AB NI, who would operate it as a competitor to Hovis.
- 6.228 In our provisional view, Limb 2 has not therefore been met for the AB NI business.
- 6.229 Given that we consider that an alternative purchaser would run the NI AB business as a competitor to Hovis, and that the AB NI business currently operates to a large extent as a standalone business, we consider that conditions of competition in NI in the counterfactual (where AB NI is operated by an alternative purchaser) would be broadly in line with the prevailing conditions of competition in NI (where AB NI is operated by ABF).

⁶⁸¹ [REDACTED]. See ABF submission '[REDACTED]'.

⁶⁸² [REDACTED]. See ABF submission '[REDACTED]'.

⁶⁸³ Attachment to ABF email dated 26 February 2026.

⁶⁸⁴ ABF email dated 20 January 2026.

Provisional conclusions on Limb 2

6.230 In relation to Limb 2, based on our assessment above and the evidence currently available to us, we provisionally conclude that:

- (a) Limb 2 is met in respect of AB's GB business; but
- (b) Limb 2 is not met in respect of AB's NI business.

Provisional conclusions on the counterfactual

6.231 We provisionally conclude that the most likely counterfactual is:

- (a) the exit of AB's GB business; and
- (b) the sale of AB NI to an alternative purchaser that would operate the business as a competitor to Hovis in NI, resulting in conditions of competition in NI that are broadly in line with the prevailing conditions of competition in NI.

7. COMPETITIVE ASSESSMENT

Introduction

- 7.1 Horizontal unilateral effects can arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or degrade non-price aspects of its competitive offerings (such as quality, range, service and innovation) on its own and without needing to coordinate with its rivals.⁶⁸⁵
- 7.2 We have investigated a horizontal unilateral effects theory of harm (**TOH**) for each of the Relevant Markets identified in Chapter 5, ie (i) the supply of plant bread in NI, (ii) the supply of pancakes in NI, (iii) the supply of potato farls in NI and (iv) the supply of soda farls in NI.
- 7.3 We set out our assessment, for each TOH, in this section as follows:
- (a) A high-level summary of the Parties' main submissions.
 - (b) The evidence used to assess the TOH.
 - (c) Our provisional conclusions.
- 7.4 We note that in Chapter 4 we set out background information about the supply of plant bread and morning goods in NI by the Parties and their competitors including our assessment of the nature of competition between them. The information set out in that chapter covered several important factors that we have used to conduct our assessment below including (i) the value chain, (ii) the importance of branded offerings in NI and (iii) parameters of competition.
- 7.5 We have conducted our assessment on a forward-looking basis, and we have therefore accounted for the future evolution of competitive conditions, including developments in the Parties' competitive position and the competitive position of third parties, including any likely expansion of suppliers already active in each of the Relevant Markets and any likely new entry.⁶⁸⁶
- 7.6 We have applied a two-year period for our assessment, consistent with CMA guidance.⁶⁸⁷

⁶⁸⁵ [CMA129](#), paragraph 4.1.

⁶⁸⁶ [CMA129](#), paragraph 4.16.

⁶⁸⁷ See [CMA129](#), paragraph 3.15 (which refers to the time horizon for the CMA's competitive assessment being by reference, for example, to entry or expansion by third parties); paragraph 8.33 (which refers to a period within two years of an SLC arising as being typically considered to be timely, although depending on the nature of the market, the CMA may consider a shorter or longer period); and footnote 140 (which provides that, in general, the same relevant time period of entry or expansion will be applied, whether in the CMA's assessment of countervailing factors or in its assessment of theories of harm).

Theory of Harm 1: supply of plant bread in NI

Parties' submissions

- 7.7 The Parties submitted that under the correct counterfactual, in which AB exits the supply of plant bread in NI, the Merger will not give rise to an SLC.⁶⁸⁸ The Parties submitted that even if this counterfactual is not adopted, the Merger will not give rise to an SLC, for the following reasons:
- (a) There are a number of significant suppliers of plant bread in NI and ROI, including Irwin's, and ROI suppliers such as Brennans and Gallaghers.⁶⁸⁹ In addition, Warburtons (the market leader in GB) has recently launched in NI.⁶⁹⁰ The Parties noted that they have lost a substantial amount of shelf space to competitors providing a recent example with one customer (Tesco).⁶⁹¹
 - (b) Brennans, Gallaghers, and Irwin's are believed to have substantial spare capacity, and given their established brands, customers have multiple options to switch/threaten to switch most, if not 100%, of their volumes away from the Parties post-Merger in the event they sought to substantially increase prices and/or otherwise degrade their offerings.⁶⁹²
 - (c) Despite the Parties having a combined share of [50-60]% their modest financial performance in NI reflects that they face strong competitive constraints.⁶⁹³ We note this share of supply estimate does not attribute the Parties' private label volumes to the Parties in the calculation, but if the private label volumes they manufacture are attributed to each, then the Parties' estimated combined share is [60-70]%.⁶⁹⁴
 - (d) ROI suppliers pose a significant constraint with a combined share in excess of 20% in NI and ROI suppliers will continue to grow as they face low barriers preventing them increasing sales to customers in NI.⁶⁹⁵ Additionally, ROI bakers not present in NI also face low barriers to entry and expansion given the limited distance from ROI and the ease of access to consumers due to the higher population density.⁶⁹⁶

⁶⁸⁸ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 2.29-2.30 and 6.8-6.11; and FMN, summary paragraphs 55 and 57, and paragraphs 14.110, 14.117 and 14.125.

⁶⁸⁹ FMN, paragraph 57.

⁶⁹⁰ FMN, paragraph 57 and paragraphs 14.114-14.115; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 6.9.1.

⁶⁹¹ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 6.9.2.

⁶⁹² FMN, paragraphs 14.117.3 and 14.118.

⁶⁹³ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 6.9.4.

⁶⁹⁴ Parties' internal document, Updated Annex 0224 to the Parties' response to the CMA RFI dated 4 February 2026, question 1.

⁶⁹⁵ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 6.9.3.

⁶⁹⁶ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 2.29.

- (e) The prominence of convenience store channels and distribution via VSM allow smaller regional bakeries to compete effectively and gain shelf space.⁶⁹⁷
- (f) Whilst private label products currently have a smaller share in NI, their popularity is increasing, and large retailers are able to source private label products from GB and ROI.⁶⁹⁸ In addition to others, Fine Lady Bakeries supplies a range of Tesco's private label requirements in NI from its bakeries in GB and could reasonably be expected to grow its offering in NI if market conditions supported it.⁶⁹⁹
- (g) GMs have multiple alternative options to shift volumes away from both the Parties and plant bread in general.⁷⁰⁰ Both Parties have seen reduced sales of plant bread across the island of Ireland due to the increased popularity of private label bread and the growth of non-plant bread segments such as breads of the world.⁷⁰¹
- (h) GMs and convenience stores will continue to exercise significant buyer power and be in a position to threaten to delist or re-allocate shelf space.^{702,703}

Shares of supply

7.8 Shares of supply can provide useful evidence when assessing closeness of competition. We consider that the share of supply estimates in this case provide a reliable indication of the relative competitive strength of the Parties and other suppliers. In particular, we consider that our share of supply estimates are robust, as set out in Appendix B we note that our shares for 2025 are similar to the Parties'.⁷⁰⁴ Although there is some differentiation in the market, we have calculated shares of supply for the overall market and for individual segments (ie for private label and branded), allowing us to assess closeness of competition between the Parties and their rivals.

7.9 We recognise that shares of supply capture the outcome of past competition so may not fully capture the future competitive potential of suppliers. We have

⁶⁹⁷ FMN, paragraphs 14.119 and 14.122.

⁶⁹⁸ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 6.10.

⁶⁹⁹ FMN, paragraph 14.125.

⁷⁰⁰ FMN, paragraph 14.112.

⁷⁰¹ FMN, paragraph 14.111.

⁷⁰² FMN, paragraphs 14.113.

⁷⁰³ FMN, paragraphs 14.111-14.113; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 2.30.

⁷⁰⁴ The Parties estimated a combined share of supply of [60-70]%. Parties' internal document, Annex 0224 to the Parties' response to the CMA's RFI dated 4 February 2026.

therefore considered shares of supply alongside other evidence including from third parties on their future plans, including any expansion plans.

7.10 We present our estimates of shares of supply for the supply of plant bread in NI for 2025 in Table 7.1 below. Further details on the shares of supply estimates and the methodology used to calculate them are provided in Appendix B.

Table 7.1: Our estimates of 2025 shares of supply (by volume) in the supply of all, private label only, and branded only plant bread in NI

Supplier	(%)		
	Total	Branded Only	Private Label
AB	[20-30]	[10-20]	[20-30]
Hovis	[40-50]	[40-50]	[70-80]
Parties' Combined	[60-70]	[60-70]	[90-100]
Brennans	[5-10]	[10-20]	[0-5]
Irwin's	[5-10]	[5-10]	[0-5]
Gallaghers	[5-10]	[5-10]	[0-5]
Others	[5-10]	[5-10]	[0-5]
Total	100	100	100

Source: CMA estimates based on volume data from the Parties and third parties.

7.11 We consider shares of supply in terms of (i) closeness of competition between the Parties and (ii) the strength of competitive constraints in the sections below.

Internal documents

7.12 We set out below a summary of the key findings from our review of ABF's and Hovis' internal documents.

7.13 Hovis' internal documents consistently show that it is the largest supplier of plant bread in NI. For example:

- (a) A Hovis internal document dated [REDACTED] 2026 identifies Hovis as the largest supplier and reports a value and volume share for Hovis of [REDACTED]% and [REDACTED]% respectively.⁷⁰⁵
- (b) A Hovis internal document dated [REDACTED] 2025 that provides a '[REDACTED]' identifies Hovis as the supplier with the highest share on a value and volume basis over the last 52 weeks, at [REDACTED]% and [REDACTED]% respectively. Kingsmill (ABF), as the second largest brand, has shares of [REDACTED]% (value) and [REDACTED]% (volume).⁷⁰⁶
- (c) A Hovis internal document dated [REDACTED] 2025 titled '[REDACTED]' which refers to Hovis' position in Tesco states that '[REDACTED]'. While the document refers to share growth by other suppliers at Tesco, it also states that for white bread '[REDACTED]' and for seeded bread '[REDACTED]'.⁷⁰⁷

⁷⁰⁵ Hovis internal document, Annex 155 to the CMA's s109 Notice dated 16 January 2026, slide 19.

⁷⁰⁶ Hovis internal document, Annex 117 to the CMA's s109 Notice dated 16 January 2026, slide 10.

⁷⁰⁷ Hovis internal document, Annex 125 to the CMA's s109 Notice dated 16 January 2026, slide 17-18.

- 7.14 ABF's internal documents also identify Hovis as the market leader in NI, with Kingsmill as the second largest brand. For example, an ABF internal document dated [REDACTED] 2025 on a slide titled '[REDACTED]' reports shares from 2023 onwards, with Hovis' share staying relatively stable at approximately [REDACTED]% over the period. Shares for Kingsmill and Sunblest are also relatively stable over the same period, at approximately [REDACTED]% and [REDACTED]% respectively.⁷⁰⁸
- 7.15 ABF's internal documents consistently monitor Hovis, Irwin's, Brennans, Gallaghers and private label (as an aggregated category) alongside its own brands (Kingsmill, Sunblest and Allinsons) when considering shares of supply.⁷⁰⁹
- 7.16 Hovis' internal documents similarly regularly monitor AB (Kingsmill), Brennans, Gallaghers and private label alongside its own brands.⁷¹⁰ Irwin's is also mentioned in some of these documents, but only on slides that compare market shares of a broader competitor set over time rather than the headline figures.⁷¹¹
- 7.17 We note that whilst several of the Parties' internal documents set out below refer to competitors in terms of shifts in shares of supply, as set out in the internal documents discussed above, and in Appendix B, Table B.1, the Parties' estimated shares of supply between 2022 and 2025 indicate minimal change in their shares over that period.
- 7.18 Some of Hovis' internal documents provide further splits of shares by customer type (GMs vs convenience). For example, one Hovis internal document from [REDACTED] 2025 compares its unit share of plant bread with AB (Kingsmill), Irwin's, Brennans, Gallaghers and private label for GMs and convenience customers separately. Most of these suppliers have similar shares with regards to GMs and convenience customers. However, Gallaghers has a higher share when considering convenience customers and private label has a higher share for GMs.⁷¹² In line with private label having a higher share with respect to GMs, some Hovis internal documents from 2024 identify private label as a driver of its falling share at some GMs, and specifically note that one of Tesco's own label brands of white bread, Nevills, is growing rapidly and [REDACTED].⁷¹³

⁷⁰⁸ ABF Internal Document, Annex ABF006754 to ABF's response to the CMA's s109 Notice dated 1 October 2025, slide 10.

⁷⁰⁹ See for example ABF internal document, Annex ABF005496 to the FMN dated 18 December 2025, slides 20-23; and ABF internal document, Annex ABF006754 to the CMA's s109 Notice dated 1 October 2025, slide 10.

⁷¹⁰ See for example Hovis internal document, Annex 155 to the CMA's s109 Notice dated 16 January 2026, slides 19-20; and Hovis internal document, Annex 117 to the CMA's s109 Notice dated 16 January 2026, slide 10.

⁷¹¹ See for example Hovis internal document, Annex 155 to the CMA's s109 Notice dated 16 January 2026, slide 22.

⁷¹² Hovis internal document, Annex 152 to the CMA's s109 Notice dated 16 January 2026, page 22.

⁷¹³ [REDACTED] and [REDACTED] were the two GM's that were identified as customers in relation to which Hovis is feeling pressure from Own Label. See Hovis internal document, Annex 145 to the CMA's s109 Notice dated 16 January 2026, slide 14; and Hovis internal document, Annex 107 to the CMA's s109 Notice dated 16 January 2026, page 2.

7.19 As noted above, while the changes in share are relatively limited, some of Hovis' internal documents provide further explanation on the drivers of changes in shares. For example:

- (a) One Hovis internal document from [REDACTED] 2025 states that Gallaghers and Warburtons have been growing their shares from a very low base (and now equate to [REDACTED]% of bread sales) in Tesco whilst other suppliers, namely Brennans, Hovis and AB (Kingsmill) have experienced a decline in their shares.⁷¹⁴ Whilst Hovis is recognised as having experienced a slight fall in shares it is still clearly identified as having the largest share of branded plant bread at Tesco ([REDACTED]%).
- (b) One Hovis document from [REDACTED] 2024 compares shares in different customer (Tesco, ASDA, Sainsbury's, Musgrave, Henderson Group) stores in NI. The document notes that the largest contribution to value loss has been driven by [REDACTED] and that a driver of this could be [REDACTED].⁷¹⁵

Customer evidence on suppliers

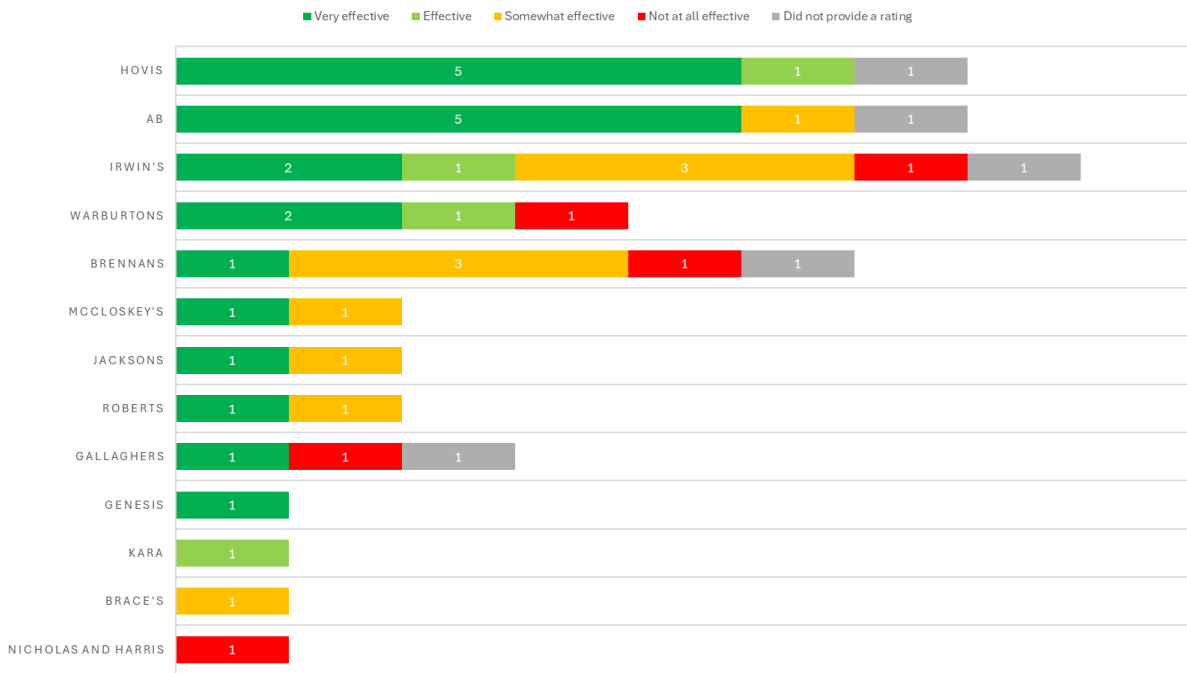
7.20 As set out in more detail in Appendix C, we asked customers to list all suppliers (including their current suppliers) that could provide them with plant bread in NI, and to rate how suitable their listed suppliers would be for their supply of (i) branded plant bread and (ii) private label plant bread. We note, as set out in Chapter 4, branded sales accounted for [80-90]% of the total plant bread volumes sold in NI in 2025.

7.21 Figure 7.1 sets out customer responses with respect to branded plant bread and Figure 7.2 sets out customer responses with respect to private label plant bread. We have considered this evidence in terms of (i) closeness of competition between the Parties and (ii) the strength of competitive constraints in the sections below.

⁷¹⁴ Hovis internal document, Annex 125 to the CMA's s109 Notice dated 16 January 2026, page 17-19.

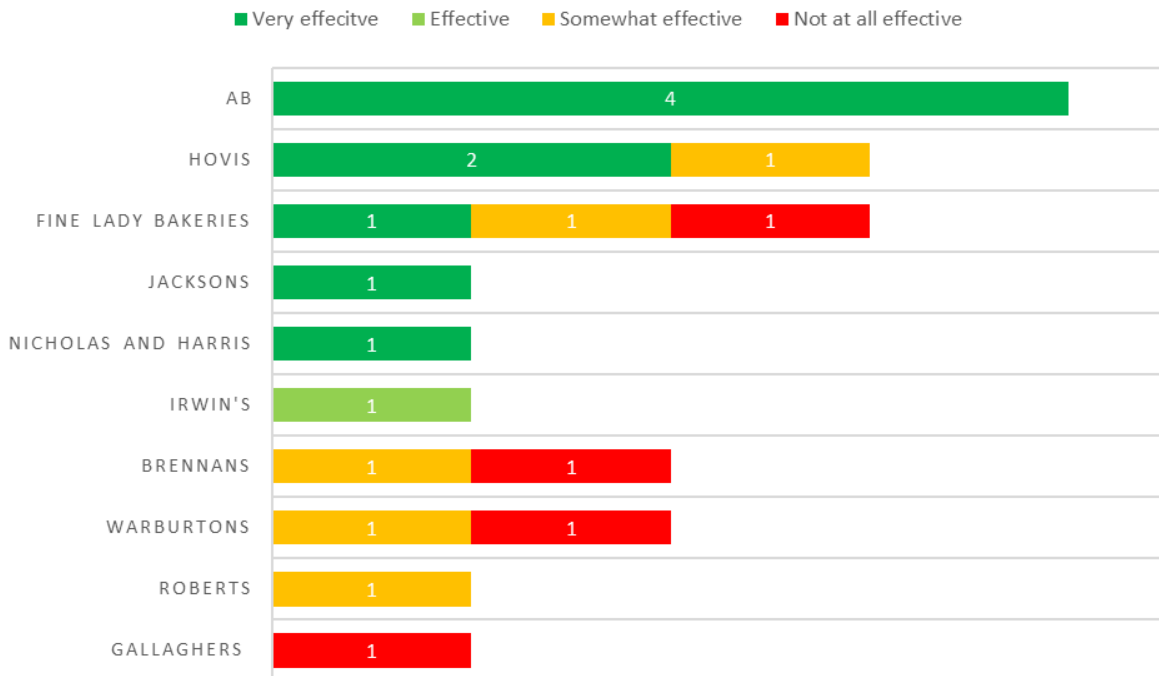
⁷¹⁵ Hovis internal document, Annex 145 to the CMA's s109 Notice dated 16 January 2026, slide 14.

Figure 7.1: Customers' views on alternative suppliers of branded plant bread



Source: CMA analysis of customer responses to the CMA's questionnaire.

Figure 7.2: Customers' views on alternative suppliers of private label plant bread



Source: CMA analysis of customer responses to the CMA's questionnaire.

Our assessment of closeness of competition between the Parties and their rivals

Closeness of competition between the Parties

- 7.22 As set out in Table 7.1 the Parties are the two largest suppliers of plant bread in NI with a high combined share of supply of [60-70]% in 2025. Hovis is the largest supplier with a share of [40-50]% and AB is the second largest supplier with a share of [20-30]%. Although the Parties submitted that AB's branded position has weakened materially over time, with the Kingsmill brand losing approximately [X] of its market share over the past decade,⁷¹⁶ the Parties' shares of supply estimates show that AB's share of plant bread volumes in NI have declined by only [0-5]% over the period 2022 to 2025.⁷¹⁷ The Parties' combined share is substantially larger (over [X] times larger) than the next largest supplier. No alternative suppliers have a share above 10%.
- 7.23 Branded sales accounted for [80-90]% of the total volume of plant bread sold in NI in 2025.⁷¹⁸ In the branded segment of the market, the shares of supply are broadly similar to the total market, with the Parties having a combined share of [60-70]%. In the smaller private label segment, the Parties have a combined share of [90-100]% meaning the Merger for the private label segment is effectively a merger to monopoly.⁷¹⁹
- 7.24 As set out in Chapter 4 supply chain resilience (and the ability to multi-source to mitigate the risk of supply chain disruption) of staple products such as plant bread is very important to customers. Given that the Merged Entity will have a high combined share of supply, and as discussed further below there are no other suppliers with a share of more than 10%, we consider that this may reduce the scope for customers to maintain supply chain resilience post-Merger.
- 7.25 Additionally, as set out above, the Parties consistently monitor each other in their internal documents.
- 7.26 In line with the Parties having a high combined share of supply, as can be seen in Figure 7.1, for **branded** plant bread:
- (a) AB was the joint-second most frequently identified supplier (alongside Hovis, behind Irwin's) that could provide an alternative to the customer's current

⁷¹⁶ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 3.4(b)(i).

⁷¹⁷ See Table B.1 of Appendix B; and Parties' internal document, Annex 0224 to the Parties' response to the CMA RFI dated 4 February 2026, question 1 and 2.

⁷¹⁸ Table 4.1 in Chapter 4.

⁷¹⁹ We note that a private label bread supplier in GB told us it does not supply any volumes to NI. However, a customer ([X]) reported that it supplies private label volumes from this GB supplier in NI. We currently consider these volumes to be very small proportion [0-5]% of the size of the Parties' combined 2025 volumes, and that including these volumes would not materially impact the result of the Parties being the largest two suppliers (Third-party response to the CMA questionnaire dated 23 January 2026).

supply of branded plant bread, with most customer identifying it.^{720,721} Almost all of the customers that listed AB provided a rating.⁷²² Almost all of those customers that both identified AB as an alternative, and provided a rating, rated it as a very effective supplier.⁷²³ One customer rated AB as somewhat effective.^{724,725} Two customers noted brand and breadth or scope of range as AB's strengths.⁷²⁶ Additionally, one customer told us that AB is a brand leader in NI.⁷²⁷

- (b) Hovis was the joint-second most frequently identified supplier (alongside AB, behind Irwin's) that could provide an alternative to the customer's current supply of branded plant bread, with most customers identifying it.^{728,729} Almost all of the customers that identified Hovis provided a rating.⁷³⁰ Of the customers that both listed Hovis and provided a rating, almost all rated Hovis as very effective,⁷³¹ whilst one of those customers rated Hovis as effective.⁷³² Two customers noted brand and breadth/scope of range as Hovis'

⁷²⁰ Over half of customers that identified AB referred to AB's branded plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026). One customer did not specify whether this was for private label or branded (Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026). One customer noted that it was currently supplied branded products by AB, which we have interpreted as AB's branded product (Third-party response to the CMA questionnaire dated 23 February 2026).

Third-party response to the CMA questionnaire dated 23 February 2026.

⁷²¹ We also note that a further customer currently purchases branded bread from AB but did not respond to the question, but we consider that this customer would consider AB to be an effective supplier (Third-party responses to the CMA's questionnaire dated 23 January 2026).

⁷²² Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁷²³ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁷²⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

⁷²⁵ One did not provide a rating when listing AB. It similarly does this for each supplier it identified, AB, Hovis, Irwin's, Brennans and Gallaghers, below. Third-party response to the CMA questionnaire dated 23 February 2026.

⁷²⁶ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; and Third-party response to the CMA RFI dated 5 February. Other strengths and weaknesses are set out in paragraphs C.24 to C.36 of Appendix C.

⁷²⁷ Third-party call note.

⁷²⁸ Over half of customers that identified Hovis referred to Hovis' branded plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026), and one did not specify whether this was for private label or branded (Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; and Third-party response to the CMA RFI dated 5 February 2026). One noted that it was currently supplied branded products by Hovis, which we have interpreted as Hovis' branded product (Third-party response to the CMA questionnaire dated 23 January 2026).

⁷²⁹ We also note that a further customer currently purchases branded bread from Hovis but didn't list Hovis and we consider that these customers would consider Hovis to be an effective supplier. Third-party responses to the CMA questionnaire dated 23 January 2026.

⁷³⁰ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁷³¹ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁷³² Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026.

strengths,⁷³³ and two other customers noted Hovis being established as a strength.⁷³⁴ One of these customers and another customer also noted distribution as a strength.⁷³⁵ Additionally, one customer told us that Hovis is a brand leader in NI.⁷³⁶

7.27 Similarly, as can be seen in Figure 7.2, for **private label** plant bread:

- (a) AB was the most frequently identified supplier that could provide an alternative to the customer's current supply of private label plant bread, with most customers identifying it.^{737,738} All of the customers that listed AB provided a rating.⁷³⁹ All of the customers that identified AB rated it as a very effective supplier.⁷⁴⁰ Three quarters of those customers noted AB being an existing supplier as one of AB's strengths.⁷⁴¹
- (b) Hovis was the joint-second most frequently identified supplier (alongside Fine Lady Bakeries, behind AB) that could provide an alternative to the customer's current supply of private label plant bread, with over half of customers identifying it.^{742,743,744} All of the customers that listed Hovis provided a

⁷³³ Other strengths and weaknesses are set out in Appendix C. Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁷³⁴ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁷³⁵ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁷³⁶ Third-party call note.

⁷³⁷ Two customers which identified AB referred to AB's private label plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026), and one customer referred to AB's branded plant bread. However, we note this customer did list AB's private label plant bread but only provided a rating for branded bread which is used below (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026). Another customer did not specify whether this was for private label or branded (Third-party responses to the CMA questionnaire dated 23 January 2026).

⁷³⁸ We note that one customer did list AB but it stated that it does not supply and has no plans to supply private label bread, so it was not included in this analysis (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026). Similarly, another customer listed AB as a supplier but stated it does not supply private label bread (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026).

⁷³⁹ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁷⁴⁰ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 6 February 2026.; Third-party response to the CMA RFI dated 6 February 2026].

⁷⁴¹ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 6 February 2026. Other strengths and weaknesses are set out in paragraphs C.24 to C.36 of Appendix C.

⁷⁴² Two customers that identified Hovis referred to Hovis' private label plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026), and one referred to Hovis' branded plant bread. However, we note this customer did list Hovis' private label plant bread but only provided a rating for branded bread which is used as the rating above (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026).

⁷⁴³ One customer listed Hovis as a supplier but stated it does not supply private label bread (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026). Another customer listed Hovis but stated that it does not supply and has no plans to supply private label bread, so it was not included in this analysis (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026).

⁷⁴⁴ We also note that a further customer currently purchases private label bread from Hovis but didn't list Hovis and we consider that this customer would consider Hovis to be an effective supplier (Third-party response to the CMA's questionnaire dated 23 January 2026).

rating.⁷⁴⁵ Of the customers that both listed Hovis and provided a rating, two of them rated Hovis as a very effective supplier,⁷⁴⁶ while one customer rated Hovis as somewhat effective.⁷⁴⁷

7.28 We also asked competitors to list their main competitors in the supply of plant bread in NI and for each competitor to (i) indicate if they compete with their branded or private label offering or both, (ii) rate how strong the competitors' offering is (very weak, weak, moderate, strong, very strong) and (iii) provide a brief explanation for the rating provided.⁷⁴⁸ We only received answers from two competitors:⁷⁴⁹

- (a) Both competitors identified AB as a competitor in the supply of branded plant bread,⁷⁵⁰ with one also noting that it competes with AB's private label offering.⁷⁵¹ Both competitors rated AB's competitive offering as very strong.
- (b) Similarly, both competitors identified Hovis as a competitor in the supply of branded plant bread,⁷⁵² with one also noting that it competes with Hovis' private label offering.⁷⁵³ Both competitors rated Hovis' competitive offering as very strong.

7.29 Further, as set out in Chapter 5, we asked competitors to identify competitors across types of plant bread. Two competitors identified AB and Hovis as competitors for all four types of plant bread (white, healthier white, wholemeal and seeded).⁷⁵⁴ An additional competitor also identified AB and Hovis as competitors for white, healthier white and wholemeal, but only Hovis for seeded.⁷⁵⁵ We further

⁷⁴⁵ We note one listed branded and private label as an alternative but did not provide a rating for Hovis' private label (Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026).

⁷⁴⁶ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁷⁴⁷ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁷⁴⁸ Note no suppliers provided an explanation for their rating for AB or Hovis for the supply of plant bread in NI.

⁷⁴⁹ We note that an additional competitor identified AB and Hovis in response to the CMA's question on competitors across types of plant bread (Third-party response to the CMA questionnaire dated 23 January 2026). This competitor also identified AB, Hovis, Brennans and Irwin's in response to the CMA's question asking it to identify competitors in plant bread more generally, however, it stated it does not consider itself to be an established brand in NI, did not fully respond to the question, and as such is not counted here in the CMA's analysis (Third-party response to the CMA questionnaire dated 24 November 2025).

⁷⁵⁰ We note that one of the suppliers is active in the supply of private label plant bread in NI (Third-party response to the CMA questionnaire dated 20 November 2025), whereas the other supplier is not (Third-party response to the CMA questionnaire dated 27 November 2025).

⁷⁵¹ Third-party response to the CMA questionnaire dated 20 November 2025.

⁷⁵² We note that one of the suppliers is active in the supply of private label plant bread in NI (Third-party response to the CMA questionnaire dated 20 November 2025), whereas the other supplier is not (Third-party response to the CMA questionnaire dated 27 November 2025).

⁷⁵³ Third-party response to the CMA questionnaire dated 20 November 2025.

⁷⁵⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁷⁵⁵ Third-party response to the CMA questionnaire dated 27 November 2025. We note that the Parties' share of supply estimates suggest Brennans is not active in the supply of private label plant bread, however, we note one customer stated it is supplied both private label and branded bread by Johnston Mooney & O'Brien (owned by Brennans) (Third-party response to the CMA questionnaire dated 23 January 2026).

note that as shown in the shares of supply tables in Chapter 5 only the Parties and a small balance of ‘other’ competitors compete for healthier white bread.

Competitive constraints

Brennans

- 7.30 As set out in Table 7.1 Brennans is the third largest supplier, with a share of supply of [5-10]% (slightly ahead of the fourth largest supplier Irwin’s). Brennans is not active in the supply of private label plant bread.⁷⁵⁶ Brennans has manufacturing facilities in the ROI and delivers plant bread to customers in NI using a 100% DTS and VSM (see Chapter 4).⁷⁵⁷
- 7.31 As set out above, Brennans is consistently monitored alongside Hovis, AB and other suppliers in AB’s internal documents. Consistent with our shares of supply estimates, one Hovis internal document from [X] states that Brennans is the third largest supplier of plant bread in NI behind AB and Hovis.⁷⁵⁸
- 7.32 In line with the shares of supply and internal documents, as can be seen in Figure 7.1, for **branded** plant bread, Brennans was less frequently identified than Irwin’s, AB and Hovis as a supplier that could provide an alternative to the customers’ supply of branded plant bread, although over half of customers identified Brennans.⁷⁵⁹ Almost all of the customers that listed Brennans provided a rating,⁷⁶⁰ and Brennans received a lower average rating than the Parties. Of the customers that both listed Brennans and provided a rating, one customer rated it as very effective,⁷⁶¹ over half rated Brennans as somewhat effective,⁷⁶² and one rated it as not at all effective.⁷⁶³ Two customers noted strengths related to Brennans’ supply of plant bread in ROI,⁷⁶⁴ however, one of these customers noted

⁷⁵⁶ Third-party response to the CMA questionnaire dated 27 November 2025. We note that the Parties’ share of supply estimates suggest Brennans is not active in the supply of private label plant bread, however, we note one customer stated it is supplied both private label and branded bread by Johnston Mooney & O’Brien (owned by Brennans). Third-party response to the CMA questionnaire dated 23 January 2026.

⁷⁵⁷ Third-party call note.

⁷⁵⁸ See for example Hovis internal document, Annex 155 to the CMA’s s109 Notice dated 16 January 2026.

⁷⁵⁹ Over half of customers that identified Brennans referred to Brennans’ branded plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026), and one did not specify whether this was for private label or branded (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026). Another customer noted that it was currently supplied branded products by Brennans, which we have interpreted as Brennans’ branded product (Third-party response to the CMA questionnaire dated 23 January 2026).

⁷⁶⁰ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁷⁶¹ Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁷⁶² Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026.

⁷⁶³ Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026.

⁷⁶⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

that ROI based production may impact the freshness of the product,⁷⁶⁵ and another customer noted Brennans' distribution as a weakness.⁷⁶⁶

- 7.33 While Brennans does not supply private label plant bread,⁷⁶⁷ as can be seen in Figure 7.2, for **private label** plant bread, Brennans was identified less frequently than the Parties, with two customers identifying it as a supplier that could supply them with an alternative product to their current supply of private label plant bread.⁷⁶⁸ Both of the customers that listed Brennans provided a rating.⁷⁶⁹ Of the customers that both listed Brennans and provided a rating, one customer rated Brennans as somewhat effective,⁷⁷⁰ and one customer rated Brennans as not at all effective.⁷⁷¹
- 7.34 One competitor identified Brennans as a competitor in the supply of branded plant bread and rated it as a moderate competitor.^{772,773} Further, as set out in Chapter 5, we also asked competitors to identify competitors across types of plant bread. This competitor and an additional competitor identified Brennans as a competitor for white plant bread.⁷⁷⁴ One of those competitors also identified Brennans for healthier white and wholemeal plant bread.⁷⁷⁵ Brennans was not identified by any competitor for seeded plant bread.
- 7.35 Additionally, as covered in Chapters 4, 5 and 8, we note evidence indicates that ROI-based suppliers such as Brennans face barriers to expansion in NI.

Irwin's

- 7.36 As set out in Table 7.1 Irwin's is the joint-fourth largest supplier, with a share of supply of [5-10]%. Apart from the Parties, Irwin's is the only supplier that also

⁷⁶⁵ Third-party response to the CMA questionnaire dated 23 January 2026. Other strengths and weaknesses are set out in Appendix C.

⁷⁶⁶ Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026.

⁷⁶⁷ Note that customers could identify that a branded product would be an alternative for their private label bread supply in response to our questionnaire.

⁷⁶⁸ All customer that identified Brennans referred to Brennans' private label and branded plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026). One also listed Brennans as a supplier but stated it does not supply private label bread. Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026). We note one of these customers wrote Johnston Mooney & O'Brien and Brennans. We currently understand that the Brennans group own Johnston Mooney & O'Brien (FMN, footnote 236) and as such have counted this as identifying Brennans once.

⁷⁶⁹ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁷⁷⁰ Third-party response to the CMA questionnaire dated 23 January 2026.

⁷⁷¹ Third-party response to the CMA questionnaire dated 23 January 2026.

⁷⁷² Third-party response to the CMA questionnaire dated 20 November 2025.

⁷⁷³ We note that an additional competitor identified Brennans in response to the CMA's question on competitors across types of plant bread. Third-party response to the CMA questionnaire dated 23 January 2026. This competitor also identified AB, Hovis, Brennans and Irwin's in response to the CMA's question asking it to identify competitors in plant bread more generally, however, it stated it does not consider itself to be an established brand in NI, did not fully respond to the question, and as such is not counted here in the CMA's analysis. Third-party response to the CMA questionnaire dated 24 November 2025.

⁷⁷⁴ Third-party response to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA questionnaire dated 23 January 2026.

⁷⁷⁵ Third-party response to the CMA questionnaire dated 23 January 2026.

supplies private label plant bread in which it has minimal share of [0-5]%. Further, we understand that apart from the Parties, Irwin's is the only other material supplier that has manufacturing facilities in NI.⁷⁷⁶ In relation to the supply of private label plant bread, we received evidence from one competitor that around five years ago, private label products made up [X] % of Irwin's business, but that Irwin's has now shifted away from private label because it was hard to control profitability.⁷⁷⁷

7.37 As set out above in the Internal documents section, Irwin's is consistently monitored alongside Hovis, AB and other suppliers in AB's internal documents. Irwin's is mentioned less regularly than AB, Brennans, Gallaghers and private label supply (as an aggregated category) in Hovis' internal documents. However, one Hovis internal document notes that the largest contribution to [X] has been driven by [X] and that a driver of this could be [X].⁷⁷⁸

7.38 While shares of supply indicate that Irwin's is much smaller than the Parties, as can be seen in Figure 7.1, for **branded** plant bread, Irwin's was the most frequently identified supplier that could provide an alternative to the customers' supply of branded plant bread, with most customers identifying it.⁷⁷⁹ Almost all of the customers that listed Irwin's provided a rating.⁷⁸⁰ However, Irwin's received a lower average effectiveness rating than the Parties. Of the customers that both listed Irwin's and provided a rating, two customers rated Irwin's as very effective,⁷⁸¹ one customer rated Irwin's as effective,⁷⁸² less than half of customers rated Irwin's as somewhat effective,⁷⁸³ and one customer rated Irwin's as not at all effective.⁷⁸⁴ Additionally:

(a) Over half of customers noted Irwin's being a local/regional/NI based supplier as a strength.⁷⁸⁵

⁷⁷⁶ FMN, paragraph 12.27.2.1. Small local/regional bakeries in the 'other' category have local manufacturing facilities.

⁷⁷⁷ Third-party call note, 6 February 2026.

⁷⁷⁸ See for example Hovis internal document, Annex 145 to the CMA's s109 Notice dated 16 January 2026.

⁷⁷⁹ Over half of customers which identified Irwin's referred to Irwin's branded plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026), and one did not specify whether this was for private label or branded (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026). One customer noted that it was currently supplied branded products by Brennans, which we have interpreted as Brennans' branded product. Third-party response to the CMA questionnaire dated 23 January 2026).

⁷⁸⁰ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁷⁸¹ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁷⁸² Third-party response to the CMA questionnaire dated 23 January 2026.

⁷⁸³ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026.

⁷⁸⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

⁷⁸⁵ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 6 February 2026. Other strengths and weaknesses are set out in paragraphs C.24 to C.36 of Appendix C.

- (b) Less than half of customers identified capacity constraints and/or plant capabilities as weaknesses.⁷⁸⁶ However, one of these customers also told us that Irwin's is the brand leader in NI.⁷⁸⁷
- (c) One of these customers said that Irwin's has limited distribution capabilities relative to AB and Hovis who can deliver to all stores six days a week. Specifically, this customer said that Irwin's can supply approximately 40-50% of its estate.⁷⁸⁸

7.39 As can be seen in Figure 7.2, for **private label** plant bread, Irwin's was identified less frequently than the Parties, with only one customer identifying Irwin's and rating it as an effective alternative for private label plant bread.^{789,790}

7.40 One competitor identified Irwin's as a competitor in the supply of branded plant bread,⁷⁹¹ and rated it as a moderate competitor.⁷⁹² Further, as set out in Chapter 5, we asked competitors to identify competitors across types of plant bread, this competitor and an additional competitor identified Irwin's as a competitor for white plant bread. The other competitor also identified Irwin's for wholemeal plant bread. No competitors identified Irwin's as a competitor for healthier white or seeded plant bread.

7.41 Additionally, as covered in Chapters 4, 5 and 8, we note evidence indicates that NI-only based suppliers such as Irwin's face barriers to expansion in NI.

Gallaghers

7.42 As set out in Table 7.1 Gallaghers is the joint-fourth largest supplier with a share of supply of [5-10]%.⁷⁹³ The Parties' shares of supply estimates and evidence from one competitor indicates that Gallaghers is not active in the supply of private label

⁷⁸⁶ Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026. Other strengths and weaknesses are set out in Appendix C.

⁷⁸⁷ Third-party call note.

⁷⁸⁸ Third-party call note.

⁷⁸⁹ Third-party response to the CMA questionnaire dated 23 January 2026. Strengths and weaknesses are set out in Appendix C.

⁷⁹⁰ One customer referred to Irwin's' private label and branded offering, noting that it is not currently supplied by Irwin's for private label (Third-party response to the CMA questionnaire dated 23 January 2026). Another customer listed Hovis as a supplier but stated it does not supply private label bread (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026).

⁷⁹¹ Third-party response to the CMA questionnaire dated 27 November 2025.

⁷⁹² We note that an additional competitor identified Irwin's in response to the CMA's question on competitors across types of plant bread. Third-party response to the CMA questionnaire dated 23 January 2026. This competitor also identified AB, Hovis, Brennans and Irwin's in response to the CMA's question asking it to identify competitors in plant bread more generally, however, it stated it does not consider itself to be an established brand in NI, did not fully respond to the question, and as such is not counted here in the CMA's analysis. Third-party response to the CMA questionnaire dated 24 November 2025.

⁷⁹³ We note that we were unable to exclude sourdough (which is outside the relevant market) from our share of supply estimates for plant bread. Sourdough is a product area where Gallaghers is known to be strong, so the reported shares of supply will likely overstate Gallaghers strength relative to other suppliers.

plant bread.^{794,795} We further note that Gallaghers has manufacturing facilities in the ROI, but not NI.⁷⁹⁶

- 7.43 As covered above, the Parties' internal documents consistently monitor Gallaghers. Gallaghers is generally monitored as frequently as the Parties monitor each other. Specifically, one recent Hovis internal document refers to Gallaghers as the fourth largest supplier of plant bread in NI behind Hovis, AB and Brennans. We note that this is consistent with our shares of supply estimates.⁷⁹⁷ Another Hovis document from [REDACTED] which compares unit shares of suppliers of bread across grocery and convenience states that while all suppliers have generally faced a YoY decline over the past 12 weeks, Gallaghers has been an exception and is seen as growing in the convenience sector. This document attributes Gallaghers success to new product development.⁷⁹⁸
- 7.44 Although Gallaghers has a similar share of supply as Irwin's and Brennans and is monitored in the Parties' internal documents, as can be seen in Figure 7.1 for **branded** plant bread, Gallaghers was identified less frequently than the Parties, Irwin's and Brennans as a supplier that could provide an alternative to the customers' supply of branded plant bread with less than half of customers identifying it.^{799,800} Two of the customers that listed Gallaghers provided a rating.⁸⁰¹ Of those customers, one rated Gallaghers as very effective,⁸⁰² and one rated it as not all effective.⁸⁰³
- 7.45 While Gallaghers does not supply private label plant bread,⁸⁰⁴ as can be seen in Figure 7.2, for **private label** plant bread, Gallaghers was identified by one customer as a supplier that could supply it with an alternative product to their current supply of private label plant bread but was rated as not at all effective.⁸⁰⁵

⁷⁹⁴ Third-party call note.

⁷⁹⁵ We note that one customer stated that Pat the Baker (owned by Gallaghers) supplies it with both private label and branded plant bread. Third-party response to the CMA questionnaire dated 23 January 2026.

⁷⁹⁶ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 6.4.

⁷⁹⁷ See Hovis Internal Document, Annex 155 to the CMA's s109 dated 16 January 2026, slide 15

⁷⁹⁸ See Hovis Internal Document, Annex 152 to the CMA's s109 dated 16 January 2026, slide 22

⁷⁹⁹ We also note that a further customer currently purchases branded bread from Pat the Baker, owned by Gallaghers, but did not list Pat the Baker or Gallaghers, and we consider that this customer would consider Pat the Baker (ie Gallaghers) to be an effective supplier. Third-party response to the CMA questionnaire dated 23 January 2026.

⁸⁰⁰ Two customers which responded referred to Gallaghers branded plant bread (Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026). One customer noted that it was currently supplied branded products by Gallaghers, which we have interpreted as Gallaghers' branded product (Third-party response to the CMA questionnaire dated 23 January 2026).

⁸⁰¹ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁸⁰² Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁸⁰³ Third-party response to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026.

⁸⁰⁴ Note that customers could identify that a branded product would be an alternative for their private label bread supply in response to our questionnaire.

⁸⁰⁵ We note that the customer identified Pat the Baker (owned by Gallaghers). Third-party response to the CMA questionnaire dated 23 January 2026.

This customer noted Gallaghers strength is that it is strong in ROI but that its weakness is its limited supply to NI.

- 7.46 Two competitors identified Gallaghers as a competitor for branded plant bread. One rated Gallaghers as a moderate competitor,⁸⁰⁶ and one rated Gallaghers as a strong competitor.⁸⁰⁷ As set out in Chapter 5, no competitor identified Gallaghers as a competitor in any type of plant bread (ie white, healthier white, wholemeal or seeded plant bread).⁸⁰⁸
- 7.47 Additionally, as covered in Chapters 4, 5 and 8, we note evidence indicates that NI-only based suppliers such as Gallaghers face barriers to expansion in NI.

Warburtons

- 7.48 Warburtons had a share of supply of [0-5]% in 2025 (and is therefore one of a number of suppliers included in the 'others' category in Table 7.1 above). Warburtons is not active in the supply of private label plant bread. Warburtons does not have manufacturing facilities in NI and currently has no plans to open manufacturing facilities in NI.⁸⁰⁹
- 7.49 We note that the Parties rarely monitored Warburtons with respect to its plant bread supply in NI in their internal documents.⁸¹⁰
- 7.50 As can be seen in Figure 7.1, for **branded** plant bread, Warburtons was less frequently identified than the Parties, Irwin's and Brennans as a supplier that could provide an alternative to customers' supply of branded plant bread, with less than half of customers identifying it as a supplier.⁸¹¹ All of the customers that listed Warburtons provided a rating.⁸¹² Of the customers that both listed Warburtons and provided a rating, half rated it as very effective,⁸¹³ one customer rated it as effective,⁸¹⁴ and one customer rated Warburtons as not at all effective.⁸¹⁵ Less

⁸⁰⁶ Third-party response to the CMA questionnaire dated 27 November 2025.

⁸⁰⁷ Third-party response to the CMA questionnaire dated 20 November 2025. We note this competitor also identified Pat the Baker as a competitor, which is owned by Gallaghers, and rated it as very weak. We have used the higher rating in the analysis.

⁸⁰⁸ We note that an additional competitor identified Gallaghers in response to the CMA's question on competitors across types of plant bread in the supply of sourdough style bread. Third-party response to the CMA questionnaire dated 23 January 2026. We have not included this in the CMA's analysis given we have excluded sourdough style bread in our market definition (see Chapter 5).

⁸⁰⁹ Third-party call note.

⁸¹⁰ Specifically, [redacted]. We note that this document was produced after the merger investigation began. ABF internal document, Annex ABF007204 to ABF's response to the CMA's s109 Notice dated 16 January 2026.

⁸¹¹ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; and Third-party response to the CMA RFI dated 5 February 2026.

⁸¹² Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; and Third-party response to the CMA RFI dated 5 February 2026.

⁸¹³ Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁸¹⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

⁸¹⁵ Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026.

than half of customers noted that Warburtons having no current route to supply,⁸¹⁶ or lack of strong presence in NI as a weakness.⁸¹⁷ One of these customers also stated that it was uncertain whether the Warburtons brand will resonate with Northern Irish shoppers, noting that early indications suggest limited brand cut-through in that market.⁸¹⁸ Another of these customers and an additional customer also noted that the distribution it has for Warburtons impacts the shelf life.⁸¹⁹

- 7.51 While Warburtons does not supply private label plant bread,⁸²⁰ as can be seen in Figure 7.2, for **private label** plant bread, it was identified by two customers as a supplier that could supply them with an alternative product to their current supply of private label plant bread.⁸²¹ Both of the customers that listed Warburtons provided a rating.⁸²² Of these, one customer rated Warburtons as somewhat effective,⁸²³ and one customer rated Warburtons as not at all effective.⁸²⁴
- 7.52 One competitor identified Warburtons as a competitor in the supply of plant bread and rated it as weak.⁸²⁵
- 7.53 One competitor told us that Warburtons' expansion in NI was facilitated by one customer, and that Warburtons' future growth in NI is expected to stem from bakery occasions as opposed to plant bread.⁸²⁶

Other suppliers

- 7.54 As set out above, Table 7.1 shows other suppliers account for [5-10]% of the share of supply (including Warburtons). Among these smaller suppliers Genesis⁸²⁷ supplied [0-5]%, McCloskey's [0-5]%, and Geary's⁸²⁸ [0-5]% in 2025.⁸²⁹ We note that Fine Lady Bakeries does not appear as a named supplier in the shares of

⁸¹⁶ Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026.

⁸¹⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

⁸¹⁸ Third-party call note.

⁸¹⁹ Third-party responses to the CMA questionnaire dated 23 January 2026. Other strengths and weaknesses are set out in Appendix C..

⁸²⁰ Note that customers could identify that a branded product would be an alternative for their private label bread supply in response to our questionnaire.

⁸²¹ One of the customers which identified Warburtons referred to Warburtons' branded bread (Third-party response to the CMA questionnaire dated 23 January 2026) and one did not specify but we note Warburtons only supplies branded bread (Third-party response to the CMA questionnaire dated 23 January 2026).

⁸²² Third-party responses to the CMA questionnaire dated 23 January 2026.

⁸²³ Third-party response to the CMA questionnaire dated 23 January 2026.

⁸²⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

⁸²⁵ Third-party response to the CMA questionnaire dated 20 November 2025.

⁸²⁶ Third-party call note, 27 October 2025.

⁸²⁷ We note this third party is called McErlains in the Parties' submitted data (Parties' internal document, Updated Annex 0224 to the Parties' response to the CMA RFI dated 4 February 2026, question 1), and Genesis also operates as McErlain's (Parties' response to the CMA's RFI dated 14 January 2026).

⁸²⁸ We note Geary's was unable to provide its exact proportions of bread supplied to NI, and these volumes may consist of sourdough. The volumes used in the CMA's share of supply calculations were provided by a customer who provided volumes it supplied to NI from Geary's.

⁸²⁹ The CMA does not have visibility of the other providers within the 'Others' category as these were provided as an aggregated category in the data submitted by the Parties which the CMA used for its shares analysis. This aggregated "Others" category has a share of supply of [5-10]%.

supply, and information submitted to us indicates that Fine Lady Bakeries does not manufacture volumes for direct supply for NI.⁸³⁰ We note that the Parties very infrequently monitor, if at all, smaller competitors with respect to their plant bread offerings in NI.

- 7.55 As can be seen in Figure 7.1, for **branded** plant bread, Jacksons, Roberts, and McCloskey's were each identified twice.⁸³¹ Genesis, Nicholas & Harris, Brace's and Kara were each identified once.⁸³²
- 7.56 As can be seen in Figure 7.2, for **private label** plant bread, Jacksons, Nicholas & Harris, and Roberts were each identified once.⁸³³
- 7.57 Notably, Fine Lady Bakeries was identified less frequently than the Parties and as frequently as Brennans, with more than half of customers identifying it as an alternative for private label plant bread.⁸³⁴ All of the customers that listed Fine Lady Bakeries provided a rating.⁸³⁵ Of the customers that both listed Fine Lady Bakeries and provided a rating, one customer rated it as very effective,⁸³⁶ one customer rated it as somewhat effective,⁸³⁷ and one customer rated it as not at all effective.⁸³⁸ Less than half of customers noted capacity as a weakness for Fine Lady Bakeries,⁸³⁹ and the another customer noted the fact that Fine Lady Bakeries was not currently serving NI directly as a weakness.⁸⁴⁰

⁸³⁰ Third-party response to the CMA questionnaire dated 23 January 2026.

⁸³¹ Jacksons was rated as somewhat effective by one customer (Third-party response to the CMA questionnaire dated 23 January 2026) and as very effective by one customer (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026). One customer provided two ratings and we have presented the higher of the two (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026). Roberts was rated as very effective by one customer (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026), and as somewhat effective by another (Third-party response to the CMA questionnaire dated 23 January 2026). McCloskey's was rated as somewhat effective by one customer (Third-party response to the CMA questionnaire dated 23 January 2026) and as very effective by another (Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026).

⁸³² Genesis was rated as very effective by one customer (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026). Nicholas & Harris was rated as not very effective by one customer (Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026). Brace's was rated as somewhat effective by one customer (Third-party response to the CMA questionnaire dated 23 January 2026). Kara was rated as effective by one customer (Third-party response to the CMA questionnaire dated 23 January).

⁸³³ Jacksons was rated as very effective by one customer, Nicholas & Harris was rated as very effective by the same customer (Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026). Last, Roberts rated as somewhat effective by a further customer (Third-party response to the CMA questionnaire dated 23 January 2026).

⁸³⁴ Two referred to Fine Lady Bakeries' private label bread (Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026), and one did not specify whether this was for private label or branded. However, we are aware that Fine Lady Bakeries only supplies private label bread (Third-party response to the CMA questionnaire dated 23 January 2026).

⁸³⁵ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁸³⁶ Third-party response to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁸³⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

⁸³⁸ Third-party response to the CMA questionnaire dated 23 January 2026.

⁸³⁹ Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁸⁴⁰ Third-party response to the CMA questionnaire dated 23 January 2026.

Out of market constraints

- 7.58 As set out in Chapter 5, we exclude true sourdough and sourdough style bread from the product market definition. We consider that suppliers of sourdough bread exert a very weak constraint on the Parties given there is limited evidence that sourdough bread is seen as an effective alternative to white, healthier white, seeded and wholemeal plant bread.
- 7.59 Additionally, we consider that other evidence that we have received indicates that sourdough poses a very weak out of market constraint. Specifically, customers identified the Parties and Irwin's more frequently, and rated them higher on average, than suppliers such as Gallaghers and Geary's that are recognised as being strong in sourdough. Further, our shares of supply estimates include sourdough volumes and therefore account for the constraint posed by sourdough.⁸⁴¹ As stated above, the Parties' combined share is substantially larger (over [X] times larger) than the next largest supplier, and no alternative suppliers have a share above 10%.

Other considerations

- 7.60 In addition to the evidence above on closeness of competition and competitive constraints from alternative suppliers, we have considered evidence on buyer power as a constraint and third-party views on the Merger.

Customer buyer power and barriers to switching

- 7.61 The Parties' customers in NI include some large, sophisticated GMs, which command a degree of negotiating strength. The GMs in particular are important customers, and the loss of a contract can have a significant impact on a supplier's financial performance. There is also evidence that GMs are able to adjust the allocation of shelf space between suppliers, rebalance their stock between private label and branded products (where for private label products the GM owns the brand but relies on suppliers such as the Parties to manufacture the products), and use commodity benchmarking when examining suppliers' costs.⁸⁴²
- 7.62 Most forms of buyer power that do not result in new entry – for example, buyer power based on a customer's size, sophistication, or ability to switch easily – are unlikely to prevent an SLC that would otherwise arise from the elimination of

⁸⁴¹ We note that the CMA considers that including sourdough volumes makes an immaterial difference to the shares of supply for plant bread in NI. When excluding the Parties' volumes which could be associated with sourdough (their whole 'other types of bread' volumes, equivalent to [0-5]% the Parties' total volumes) and excluding sourdough volumes provided by third parties which responded to the CMA's questionnaire, the Parties' combined share of supply changes by [0-5]%. Parties internal document, Annex 225 to Parties' response to the CMA RFI dated 4 February 2026.

⁸⁴² FMN, paragraphs 31-33. Competitors have also indicated that grocery retailers can utilise these levers when procuring their products. For example, Third-party call note.

competition between the merger firms.⁸⁴³ This is because a customer's buyer power depends on the availability of good alternatives they can switch to.⁸⁴⁴ The evidence set out above indicates that customers in NI have limited alternatives to the Parties.

7.63 We also considered the ease of switching. Customers indicated that switching supplier of plant bread is not straightforward, especially for private label products. We asked customers to rate how easy or difficult it would be (where 1 is very difficult, 2 is difficult, 3 is neither difficult or easy, 4 is easy and 5 is very easy) to switch suppliers of private label or branded plant bread.

- (a) With regards to private label plant bread, over half of customers indicated that switching a private label plant bread supplier is either difficult or very difficult,⁸⁴⁵ with two rating it as very difficult.⁸⁴⁶ For example, one customer said its large volume requirements and distribution method limit the potential supply base.⁸⁴⁷ The other two customers that responded to this question indicated that switching is neither easy nor difficult.⁸⁴⁸
- (b) With regards to branded plant bread, views were more mixed. Half of customers explained it would neither be difficult or easy to change branded plant bread suppliers.⁸⁴⁹ Two customers indicated that switching a branded plant bread supplier is either difficult or very difficult,⁸⁵⁰ with one rating it as very difficult.⁸⁵¹ For example, one customer said that the VSM limits the pool of potential suppliers,⁸⁵² and another customer said that there are few suppliers that have the depth of range that AB currently offers.⁸⁵³ Two customers indicated that switching would be easy,⁸⁵⁴ with one describing plant bread in NI as a highly switchable category.⁸⁵⁵

7.64 In light of the evidence above, and the fact that alternative suppliers of branded plant bread are much smaller than the Parties and there are almost no private label alternatives, we therefore consider that customer buyer power will not provide a material constraint on the Merged Entity.

⁸⁴³ We consider entry & expansion in Chapter 8 below, where we find that there are significant barriers that are likely to prevent the emergence of material alternatives in the future.

⁸⁴⁴ [CMA129](#), paragraph 4.20

⁸⁴⁵ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁸⁴⁶ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁸⁴⁷ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁸⁴⁸ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁸⁴⁹ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁸⁵⁰ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁸⁵¹ Third-party response to the CMA's questionnaire dated 23 January 2026.

⁸⁵² Third-party response to the CMA's questionnaire dated 23 January 2026.

⁸⁵³ Third-party response to the CMA's questionnaire dated 23 January 2026.

⁸⁵⁴ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁸⁵⁵ Third-party response to the CMA's questionnaire dated 23 January 2026.

Views on the Merger

- 7.65 Customers expressed mixed views on the Merger, although many of the comments made were not specific to plant bread or NI and some spoke more to the impact of the Merger in GB.
- (a) Potential benefits mentioned by customers included efficiencies or economies of scale in production and distribution;⁸⁵⁶ synergies and creating a platform for innovation and investment;⁸⁵⁷ and avoiding the decline or exit of the merging firms (although it was unclear if these comments related to GB or NI, or the UK as a whole).⁸⁵⁸
 - (b) On the other hand, two customers (one of which only operates in NI and one of which provided separate responses for its GB and NI businesses) expressed concerns about the impact of the Merger in the plant bread market in NI. One customer said there is a risk of reduced competition which could reduce choice and increase cost including in relation to plant bread which is currently dominated by AB and Hovis brands in NI. This customer also stated however that there are good alternative NI suppliers which could provide options for the NI independent retailer and consumer.⁸⁵⁹ The other customer explained that the Merger decreases its ability to access private label pricing in NI as the market in NI is dominated by the Parties for private label bread and therefore the Merger could negatively affect the consumer due to the future potential removal of competitive spirit.⁸⁶⁰
- 7.66 Two competitors expressed a neutral view on the Merger.⁸⁶¹ One of these competitors, that expressed a neutral view on the Merger overall (ie not with reference to a particular geography or product), explained that in NI the Merged Entity will have a very large position in a relatively small market,⁸⁶² and expressed concerns for consumers in NI across branded and private label bakery products.⁸⁶³ The other competitor that expressed a neutral view, noted that the obvious concern in NI is that the Parties combined business would be in excess of 70% of branded plant bread and could impact smaller brands.⁸⁶⁴ This competitor further noted that the greatest concern is within the convenience segment where a dominant player could exert considerable influence.⁸⁶⁵ Another competitor expressed mixed views on the Merger and initially provided a positive view before

⁸⁵⁶ Third-party responses to the CMA questionnaire dated 19 November 2025.

⁸⁵⁷ Third-party call note; Third-party response to the CMA questionnaire dated 19 November 2025.

⁸⁵⁸ Third-party responses to the CMA questionnaire dated 19 November 2025.

⁸⁵⁹ Third-party response to the CMA questionnaire dated 3 December 2025.

⁸⁶⁰ Third-party response to the CMA questionnaire dated 19 November 2025.

⁸⁶¹ Third-party call note; Third-party response to the CMA questionnaire dated 24 November 2025.

⁸⁶² Third-party call note.

⁸⁶³ Third-party response to the CMA questionnaire dated 24 November 2025.

⁸⁶⁴ Third-party response to the CMA questionnaire dated 27 November 2025.

⁸⁶⁵ Third-party call note.

later expressing concerns.⁸⁶⁶ This competitor similarly noted that bakery supply in NI is highly concentrated and the Merger would result in the Merged Entity being much larger than rivals, creating challenges for smaller rivals.⁸⁶⁷

Provisional conclusion on Theory of Harm 1

7.67 In view of the above, our provisional conclusions are as follows:

- (a) As regards closeness of competition, the Parties compete closely in the supply of plant bread in NI:
 - (i) shares of supply indicate that the market is highly concentrated and the Parties have a combined share of supply of [60-70]%. We further note that (i) the Parties are the only two suppliers producing material volumes of private label plant bread with a share of supply of [90-100]% in the private label segment; and (ii) the Parties are two of only three suppliers with a share of over 5% that have manufacturing facilities in NI.
 - (ii) the evidence from customers shows that the Parties are considered to be the strongest suppliers with them (i) being the most frequently identified and (ii) receiving the strongest ratings.
 - (iii) the evidence from competitors shows that the Parties are considered as very strong competitors by other suppliers in NI. Competitors also identified the Parties as the only suppliers for certain types of plant bread, such as seeded.
 - (iv) the evidence from internal documents shows that the Parties regularly monitor each other, and that they consider themselves to be the two largest suppliers of plant bread in NI.

7.68 As regards the remaining constraints (Irwin's, Brennans, Gallaghers, and other smaller competitors) on the Merged Entity:

- (a) Brennans exerts and will continue to exert a weak to moderate constraint on the Parties. Whilst evidence from internal documents shows that the Parties regularly monitor Brennans and shares of supply show it is the third largest supplier of plant bread after the Parties, its share is less than half that of each of the Parties. We note Brennans has manufacturing facilities in ROI, delivers plant bread to customer stores in NI and its presence in ROI was noted as a strength by customers. However, Brennans was identified less frequently than Irwin's and the Parties, with mixed ratings, and its distribution was noted

⁸⁶⁶ Third-party response to the CMA questionnaire dated 20 November; and Third-party call note.

⁸⁶⁷ Third-party call note; and Third-party response to the CMA questionnaire dated 27 November 2025.

as a weakness by one customer. Similarly, evidence that we have received currently indicates ROI based suppliers face barriers in expanding their NI presence. Last, we note that one competitor identified and rated Brennans as a moderate competitor.

- (b) Irwin's exerts and will continue to exert a moderate constraint on the Parties. Irwin's has a modest share of supply but is less than half the size of each of the Parties. Further, Irwin's has moved away from supplying private label plant bread. Evidence from the Parties' internal documents shows that the Parties regularly monitor Irwin's and that it was the most frequently identified supplier by customers, with over half of customers noting the fact of it being an NI-based supplier as a strength. However, Irwin's effectiveness ratings were mixed and some customers mentioned capacity and capability as weaknesses of Irwin's. Last, a competitor identified and rated it as a moderate competitor but evidence that we have received currently indicates that NI-only based suppliers, such as Irwin's, face barriers to expansion in NI.
- (c) Gallaghers exerts and will continue to exert a weak constraint on the Parties. Whilst evidence from internal documents shows that the Parties regularly monitor Gallaghers, it is under half the size of each of the Parties and its share of supply is likely overstated due to the inclusion of sourdough volumes which are outside the relevant market. Gallaghers was infrequently identified by customers with one stating it was not at all effective. While, two competitors identified and rated it as a moderate competitor and strong competitor, respectively, we note Gallaghers has manufacturing facilities in ROI, and that it will likely face barriers to expansion as an ROI-based supplier.
- (d) Warburtons exerts and will continue to exert a very weak constraint on the Parties. Its share of supply is very small [0-5]%, and it is rarely mentioned in the Parties' internal documents with reference to NI. While it was identified relatively frequently by customers, its ratings were mixed with two customers noting that the route to the NI market [for Warburtons' products] which impacts on shelf life is a weakness, and another customer highlighted that it is uncertain if the Warburtons brand would resonate with NI customers. Last, it was only identified by one competitor which rated it as weak.
- (e) Finally, other smaller suppliers exert a very weak constraint on the Parties in aggregate. Other smaller competitors have a combined share of supply of [5-10]% (including Warburtons), none of them have a share of supply above 2[0-5]% and they are rarely mentioned in the Parties' internal documents which reference to NI. Further, each of these other suppliers (except Warburtons and Fine Lady Bakeries) was only identified once or twice by customers. We note that while Fine Lady Bakeries was identified by over half of private label plant bread customers, we currently consider that it exerts a

very weak constraint given that customer ratings were mixed, and customers noted capacity and the fact it does not currently serve NI directly as weaknesses. We also note Fine Lady Bakeries only supplies a very small volume of plant bread in NI relative to the Parties.

- 7.69 Taking all the evidence in the round, our provisional conclusion is that these constraints are likely, individually and collectively, to be insufficient to offset the loss of competition resulting from the Merger, enabling the Merged Entity to increase prices or degrade non-price aspects of its offering.
- 7.70 On the basis of the above, our provisional view is that, subject to our provisional conclusion on countervailing factors (see Chapter 8), the Merger may be expected to result in an SLC in the supply of plant bread in NI.

Theory of Harm 2: supply of pancakes in NI

Parties' submissions

- 7.71 The Parties submitted that the Merger will not give rise to an SLC in the supply of pancakes in NI.⁸⁶⁸ Specifically, the Parties submitted:
- (a) The pancake segment in NI is small, where the Parties estimate the total market size (covering all customer sales channels ie including foodservice) is £[redacted] million, of which approximately £[redacted] million is sold via the retail sales channel, predominantly covering branded products.⁸⁶⁹
 - (b) Pancake sales account for approximately [redacted]% of Hovis' and approximately [redacted]% of AB's total sales of bread and non-bread bakery products in NI.⁸⁷⁰
 - (c) The Parties are currently the largest and second-largest suppliers of pancakes in NI, with McErlain's (trading as Genesis),⁸⁷¹ and Bertie's Bakery being the third and fourth largest respectively. Additionally, there are a long tail of smaller suppliers in the market, including Irwin's, and many regional bakers and family-run operations such as Mullaghmore Home Bakery and Sperrin Bakery. The Parties further noted that:

⁸⁶⁸ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 2.31 and 6.16; and Parties' response to the CMA RFI dated 14 January 2026, question 8.

⁸⁶⁹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.42.

⁸⁷⁰ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.2.

⁸⁷¹ We understand that McErlain's is trading as Genesis Bakery. ABF's response to the CMA's s109 notice dated 16 January 2026, question 4; ABF internal document, Annex 218 to ABF's response to the CMA's s109 notice dated 16 January 2026.

- (i) McErlain's (operating under the McErlain's and Genesis brand names) has the ability to distribute nationally.⁸⁷²
 - (ii) Bertie's Bakery, despite having a less efficient production line than the Parties', will remain a significant competitive constraint as it has the ability to manufacture significant volumes of pancakes and distributes its products nationally.⁸⁷³
 - (iii) Irwin's is NI's largest independent bakery, and [the Parties] understand it has significant spare capacity and can increase supply of pancakes to NI customers on a branded or private label basis. Irwin's also has distribution systems in place nationally.⁸⁷⁴
 - (iv) Sperrin Bakery has a strong regional presence around its production facilities in Mid-Ulster.⁸⁷⁵
 - (v) Mullaghmore Home Bakery has a strong regional presence around its production facility in Omagh.⁸⁷⁶
 - (vi) Smaller regional bakeries use less efficient, static, production lines, meaning they must increase production through the addition of further shifts.⁸⁷⁷
- (d) Pancakes are a highly branded product, with over 30 branded pancake suppliers active in the NI market.⁸⁷⁸
 - (e) Due to the greater proportion of convenience stores in NI, the presence of smaller regional bakers, and the 'sale and return' VSM, smaller bakers can easily grow and maintain significant regional shares with strong local brands. These will continue to significantly constrain the Parties post-Merger, even if these brands have a minimal national share of supply.⁸⁷⁹
 - (f) While ROI pancake supplier Pat the Baker does not currently supply into NI, the Parties understand that it could easily do so using Gallaghers' NI distribution network (both being subsidiaries of the Mayfair group), the prospect of which acts as a significant constraint on the Parties.⁸⁸⁰

⁸⁷² Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.3. The CMA understands that McErlain's trades as Genesis. ABF's response to the CMA's s109 notice dated 16 January 2026, question 4.

⁸⁷³ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.3.

⁸⁷⁴ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.2.

⁸⁷⁵ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.1.

⁸⁷⁶ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.4.

⁸⁷⁷ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.52.

⁸⁷⁸ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.47.

⁸⁷⁹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.4.

⁸⁸⁰ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.49.

- (g) Pancakes are an undifferentiated market with no substantive variation between the Parties' and competitors' pancake product ranges.⁸⁸¹
- (h) The pancake market is characterised by low barriers to entry, not requiring extensive or expensive equipment and with limited start-up costs for a small operation.⁸⁸²
- (i) Similarly to plant bread, with respect to morning goods, GMs will continue to have significant countervailing buyer power post-Merger and control allocation of shelf space.⁸⁸³

Shares of supply

7.72 We present our estimates of shares of supply for the supply of pancakes in NI for 2025 in Table 7.2 below. We present shares for all pancakes but also shares for the supply of branded and private label pancakes, respectively. We note that our estimates are in line with the Parties' estimates set out in Appendix B. Details on the methodology are provided in Appendix B.

Table 7.2: Our estimates of 2025 shares of supply (by volume) in the supply of all, private label only, and branded only pancakes in NI

Supplier	(%)		
	Total	Branded Only	Private Label
AB	[50-60]	[50-60]	[20-30]
Hovis	[20-30]	[10-20]	[70-80]
Parties' Combined	[80-90]	[70-80]	[90-100]
Genesis†	[0-5]	[5-10]	[0-5]
Bertie's Bakery	[0-5]	[0-5]	[0-5]
Premier Food	[0-5]	[0-5]	[0-5]
Sperrin Bakery	[0-5]	[0-5]	[0-5]
Mullaghmore Home Bakery	[0-5]	[0-5]	[0-5]
RJ Kerr	[0-5]	[0-5]	[0-5]
Irwin's	[0-5]	[0-5]	[0-5]
Others	[5-10]	[10-20]	[0-5]
Total	100	100	100

Source: CMA estimates based on volume data from the Parties and third parties.

† Genesis also operates as McErlain's (Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.3).

Internal documents

7.73 We set out below a summary of the key findings from our review of ABF's and Hovis' internal documents.

7.74 The Parties' internal documents do not usually discuss pancakes as a standalone product but rather monitor them as part of broader monitoring of the morning

⁸⁸¹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.50.

⁸⁸² Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.51.

⁸⁸³ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.3.

goods category in NI. The few documents that specifically consider pancakes highlight the following points:

- (a) The Parties monitor each other's brands (Ormo for Hovis, Sunblest and Kingsmill for AB) alongside Irwin's, Genesis and private label offerings,⁸⁸⁴ and
- (b) Hovis has considered [redacted] to compete with [redacted]. A document notes that [redacted] is being proposed with the aim to [redacted].⁸⁸⁵
- (c) The Parties are the two biggest players in the supply of pancakes in NI,⁸⁸⁶ with ABF highlighting that Sunblest (owned by ABF) is the top performer in Pancakes NI.⁸⁸⁷

Customer evidence on suppliers

7.75 As set out in more detail in Appendix C, we asked customers to list all suppliers (including their current suppliers) that could provide them with pancakes in NI, and to rate how suitable these suppliers would be for their supply of (i) branded pancakes and (ii) private label pancakes. We note that, as set out in Chapter 4, branded sales account for [70-80]% of the total volumes sold in 2025. Customer responses for branded pancakes (Figure 7.3) and private label pancakes (Figure 7.4) are set out below.

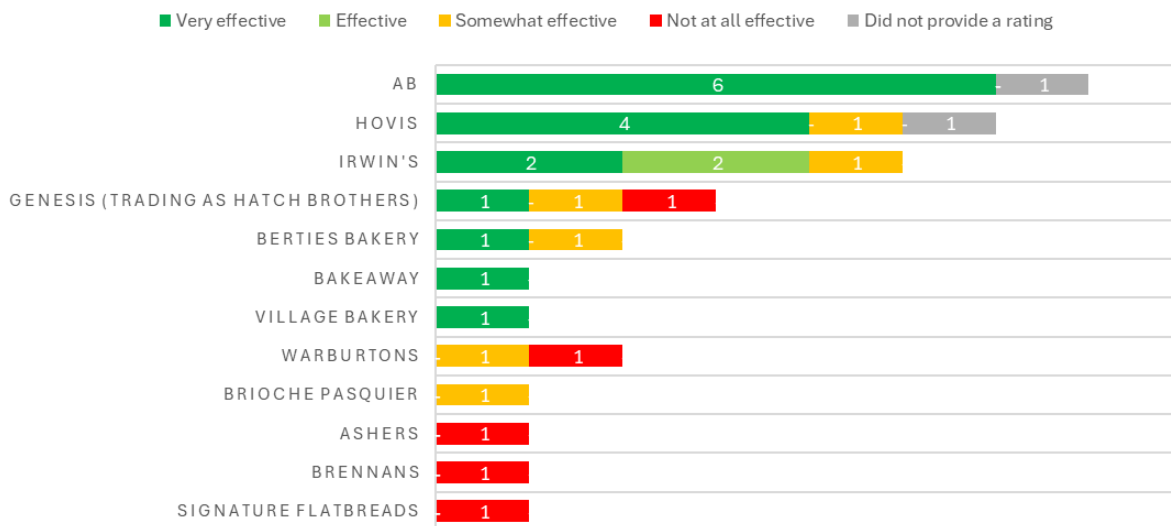
⁸⁸⁴ See for example ABF internal document, Annex ABF007187 to ABF's response to the CMA's s109 notice dated 28 January 2026; Hovis internal document, Annex 115 to Hovis' response to the CMA's s109 notice dated 28 January 2026; ABF internal document, Annex ABF005551 to ABF's response to the CMA's s109 notice dated 28 January 2026.

⁸⁸⁵ Hovis internal document, Annex 175 to Hovis' response to the CMA's s109 notice dated 28 January 2026.

⁸⁸⁶ See for example, ABF internal document, Annex ABF005551 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 30.

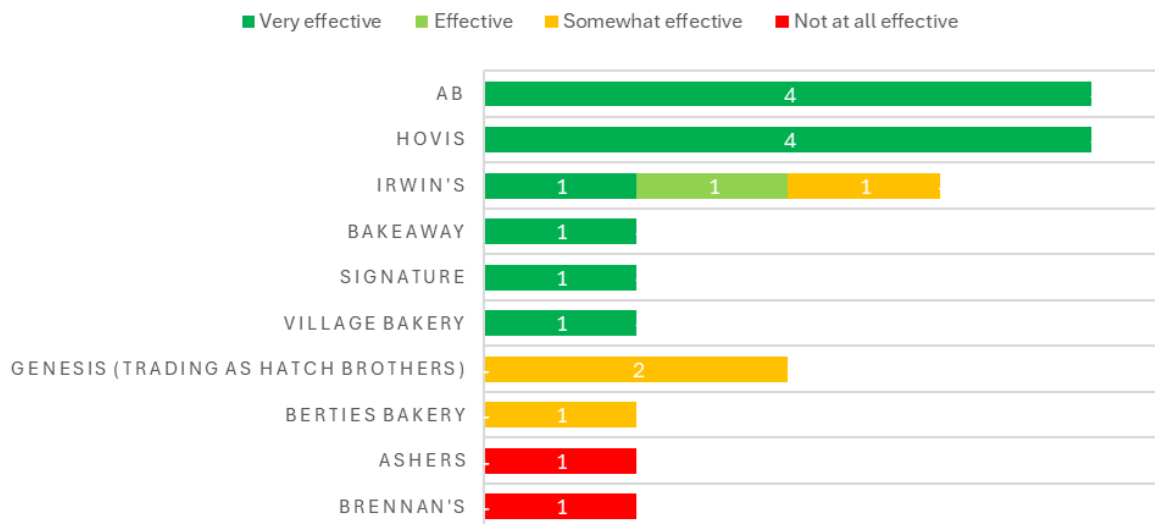
⁸⁸⁷ See for example ABF internal document, Annex ABF006754 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 16.

Figure 7.3: Customers' views on alternative suppliers of branded pancakes.



CMA analysis of customer responses to the CMA's questionnaire.

Figure 7.4: Customers' views on alternative suppliers of private label pancakes.



CMA analysis of customer responses to the CMA's questionnaire.

7.76 We have considered this evidence in terms of (i) closeness of competition between the Parties and (ii) the strength of competitive constraints in the sections below.

Our assessment of closeness of competition between the Parties and their rivals

Closeness of competition between the Parties

7.77 As set out in Table 7.2, the Parties are the two largest suppliers of pancakes in NI, with a high combined share of supply of [80-90]% in 2025. AB is the largest

supplier with a share of [50-60]% and Hovis is the second largest supplier with a share of [20-30]%. They each account for a significantly larger proportion of sales than any other competitor, and no other competitor has a share of more than 5%.

- 7.78 Branded sales accounted for [70-80]% of the total volume of pancakes sold.⁸⁸⁸ In the branded segment of the market, the shares of supply are broadly similar to the total market, with the Parties having a slightly smaller combined share of [70-80]%. In the smaller private label segment, the Parties have a combined share of [90-100]% meaning the Merger for the private label segment is effectively a merger to monopoly.
- 7.79 As set out above in the section on Internal Documents, to the extent that the Parties' internal documents consider pancakes specifically, the Parties consistently monitor the other Party (ie AB monitors Hovis, and vice versa) and identify Ormo (Hovis) and Sunblest (AB) as the two leading brands of pancakes in NI. There is evidence that Hovis has considered [X] to win share from Sunblest.
- 7.80 In line with the Parties having a high combined share of supply, as can be seen in Figure 7.3, for **branded** pancakes,
- (a) AB was the most frequently identified supplier that could provide an alternative to the customer's current supply of branded pancakes.⁸⁸⁹ All but one that identified AB provided a rating. All customers who identified and rated AB as an alternative rated it as very effective.⁸⁹⁰
 - (b) Hovis was the second-most frequently identified supplier that could provide an alternative to the customer's supply of branded pancakes.⁸⁹¹ All but one customer that identified Hovis provided a rating. Most of the customers who identified and rated Hovis rated it as very effective.⁸⁹²
- 7.81 As can be seen in Figure 7.4, for **private label** pancakes, AB and Hovis were the joint-most frequently identified supplier that could provide an alternative for private

⁸⁸⁸ See Chapter 4.

⁸⁸⁹ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party responses to the CMA RFI dated 6 February 2026. Third-party response to the CMA RFI dated 5 February 2026. Third-party response to the CMA RFI dated 23 February 2026. One customer did not specify whether it considered AB's supply of branded or private label pancake.

⁸⁹⁰ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party responses to the CMA RFI dated 6 February 2026. Third-party responses to the CMA RFI dated 5 February 2026.

⁸⁹¹ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party responses to the CMA RFI dated 6 February 2026; Third-party responses to the CMA RFI dated 6 February 2026. As mentioned above, one customer that identified Hovis did not specify whether this was for private label or branded pancake.

⁸⁹² Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 6 February 2026. One customer rated Hovis' supply of branded pancakes as somewhat effective.

label pancakes.⁸⁹³ All of the customers that identified AB and Hovis rated them as very effective.

- 7.82 We also asked competitors to list their main competitors in the supply of pancakes in NI and for each competitor to (i) indicate if they compete with their branded or private label offering or both, (ii) to rate how strong the competitor's offering is (very weak, weak, moderate, strong, very strong) and (iii) provide a brief explanation for the rating provided.
- 7.83 We only received answers from two competitors who both identified AB and Hovis, and rated each of them as very strong competitors.⁸⁹⁴ One of these competitors stated that both AB and Hovis are established brands and have a wide market presence.⁸⁹⁵
- 7.84 The same competitor explained that the majority of the competition it faced for pancakes in NI came from AB and Hovis. The same competitor also explained that only four suppliers in NI, including the Parties, have travelling hotplates which are required to mass produce pancakes.⁸⁹⁶

Competitive constraints

Irwin's

- 7.85 As set out in Table 7.2 Irwin's had a very low share of supply of [0-5]% in 2025.
- 7.86 As mentioned in paragraph 7.74, Irwin's is monitored with respect to pancakes in both Parties' internal documents.⁸⁹⁷
- 7.87 Despite having a very low share of supply, as can be seen in Figure 7.3, for **branded** pancakes, Irwin's was the third-most frequently identified supplier that could provide an alternative to customers' current supply of branded pancakes, with more than half of customers identifying it as an alternative.⁸⁹⁸ Most customers

⁸⁹³ AB: Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; and Third-party responses to the CMA RFI dated 6 February 2026. Some customers considered AB's supply of private label pancakes. Other customers considered AB's supply of branded pancakes.

Hovis: Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026; and Third-party response to the CMA RFI dated 6 February 2026. Some customers considered Hovis' supply of private label pancakes. Other customers considered Hovis' supply of branded pancakes.

⁸⁹⁴ Third-party responses to the CMA questionnaire dated 20 November 2025.

⁸⁹⁵ Third-party response to the CMA questionnaire dated 20 November 2025.

⁸⁹⁶ Third-party call note; and Third-party email to the CMA.

⁸⁹⁷ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026. One customer did not specify whether it considered Hovis' supply of branded or private label pancake.

⁸⁹⁸ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026.

who identified Irwin's as an alternative rated its offering as effective or very effective.⁸⁹⁹

- 7.88 Similarly, as can be seen in Figure 7.4, for **private label** pancakes, Irwin's was the third-most frequently identified supplier (behind the Parties) as an alternative for private label pancakes.⁹⁰⁰ Two customers that identified Irwin rated it as effective or very effective.⁹⁰¹ One customer that identified Irwin's rated it as somewhat effective.⁹⁰²
- 7.89 The customer that rated Irwin's as somewhat effective told us that Irwin's does not have the extensive distribution network of AB and Hovis which can distribute to all stores 6 days-per-week (Monday to Saturday), and that Irwin's has a more limited reach of, at most, 40-50% [of its stores].⁹⁰³
- 7.90 Further, one of two competitors that responded to our questionnaire identified Irwin's and rated it as a strong competitor. This competitor stated that Irwin's was an established brand and had wide market presence.⁹⁰⁴

Genesis

- 7.91 As set out above in table 7.2 Genesis is the third largest supplier of pancakes in NI, with a small share of supply of [0-5]%.
- 7.92 As mentioned in paragraph 7.74 Genesis is monitored with respect to pancakes in NI in both AB and Hovis' internal documents.⁹⁰⁵
- 7.93 As can be seen in Figure 7.3, for **branded** pancakes, Genesis was the fourth-most frequently identified supplier that could provide an alternative to customers' current supply of branded pancakes (behind the Parties and Irwin's), with less than half of customers identifying it as an alternative.⁹⁰⁶ Views on the strength of Genesis were

⁸⁹⁹ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026. Third-party response to the CMA RFI dated 5 February 2026. One customer rated Irwin's supply of branded pancakes as somewhat effective.

⁹⁰⁰ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026. Some customers considered AB supply of private label pancakes. Other customers considered Irwin's supply of branded pancakes.

⁹⁰¹ Third-party responses to the CMA questionnaire dated 23 January 2026.

Third-party response to the CMA RFI dated 6 February 2026.

⁹⁰² Third-party response to the CMA RFI dated 5 February 2026.

⁹⁰³ Third-party call note.

⁹⁰⁴ Third-party response to the CMA questionnaire dated 20 November 2025.

⁹⁰⁵ One customer considered Genesis' supply of private label pancakes (Third-party response to the CMA questionnaire dated 23 January 2026). Another customer considered Genesis' supply of branded pancakes (Third-party response to the CMA questionnaire dated 23 January 2026).

⁹⁰⁶ One customer considered Genesis' supply of private label pancakes (Third-party response to the CMA questionnaire dated 23 January 2026). Other customers considered Genesis' supply of branded pancakes (Third-party responses to the CMA questionnaire dated 23 January 2026).

mixed. One customer rated it as very effective⁹⁰⁷ Another rated it as somewhat effective and another rated it as not at all effective.⁹⁰⁸

- 7.94 Similarly, as can be seen in Figure 7.4, for **private label** pancakes, Genesis was the fourth-most frequently identified supplier (behind the Parties and Irwin's) as an alternative for private label pancakes and was identified by two customers.⁹⁰⁹ Both of these customers rated Genesis as somewhat effective.⁹¹⁰
- 7.95 None of the competitors that responded to our questionnaire identified Genesis as a competitor in the supply of pancakes in NI.

Bertie's Bakery

- 7.96 As set out above in table 7.2, Bertie's Bakery is the fourth largest suppliers of pancakes in NI, with a small share of supply of [0-5]%.
- 7.97 Bertie's Bakery's pancakes sales are generally not monitored in the Parties' internal documents.⁹¹¹
- 7.98 As can be seen in Figure 7.3, for **branded** pancakes, Bertie's Bakery was the joint-fifth-most frequently identified supplier that could provide an alternative to the customer's current supply of branded pancakes (behind the Parties, Irwin's and Genesis), with two customers identifying it.⁹¹² Views on the strength of Bertie's Bakery were mixed. One customer that identified Bertie's Bakery rated it as very effective.⁹¹³ The other customer rated it as somewhat effective.⁹¹⁴
- 7.99 Similarly, as can be seen in Figure 7.4, for **private label** pancakes, Bertie's Bakery was identified by one customer and rated as somewhat effective.⁹¹⁵
- 7.100 None of the competitors that responded to our questionnaire identified Bertie's Bakery as a competitor in the supply of pancakes in NI.

⁹⁰⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹⁰⁸ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026.

⁹⁰⁹ One customer considered Genesis' supply of private label pancakes (Third-party response to the CMA questionnaire dated 23 January 2026). Another customer considered Genesis' supply of branded pancakes (Third-party response to the CMA questionnaire dated 23 January 2026).

⁹¹⁰ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹¹¹ For instance, see Hovis internal document, Annex 140 to Hovis' response to the CMA's s109 notice dated 28 January 2026 for examples of Hovis monitoring Bertie's Bakery's pancake offering.

⁹¹² Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹¹³ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹¹⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹¹⁵ Third-party response to the CMA questionnaire dated 23 January 2026.

Other suppliers

- 7.101 As set out above in Table 7.2 other small suppliers collectively had a share of supply of [10-20]%, and no individual supplier had a share of supply larger than [0-5]%.⁹¹⁶
- 7.102 The Parties' documents do not monitor these smaller competitors individually with respect to pancakes but sometimes group them under a broader "other" category.⁹¹⁶
- 7.103 As can be seen in Figure 7.3, for **branded** pancakes, seven other suppliers were identified, although none of them were identified as an alternative for branded pancakes more than twice.
- (a) One of these suppliers ([redacted]) received two ratings; one customer described it as somewhat effective and one as not at all effective.⁹¹⁷
 - (b) Two of these suppliers ([redacted], [redacted]) were rated as very effective by one customer each.⁹¹⁸
 - (c) One of these suppliers ([redacted]) was rated as somewhat effective by one customer.⁹¹⁹
 - (d) Three of these suppliers ([redacted], [redacted], [redacted]) were rated as not at all effective.⁹²⁰
- 7.104 As can be seen in Figure 7.4, for **private label** pancakes, five other competitors were identified, although none of them were identified as an alternative for private label pancakes more than once.
- (a) Three of these suppliers ([redacted], [redacted], [redacted]) were rated as very effective.⁹²¹
 - (b) The other two suppliers ([redacted], [redacted]) were rated as not at all effective.⁹²²
- 7.105 We note that some of the suppliers (Warburtons, Signature Bakeries, Jones' Village) listed above do not manufacture and generally do not deliver in NI.⁹²³ We

⁹¹⁶ For example, see ABF internal document, Annex ABF05556 to ABF's response to the CMA's s109 notice dated 28 January 2026.

⁹¹⁷ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹¹⁸ Third-party response to the CMA RFI dated 6 February 2026.

⁹¹⁹ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹²⁰ Third-party responses to the CMA questionnaire dated 23 January 2026.

Third-party response to the CMA RFI dated 5 February 2026.

⁹²¹ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁹²² Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026.

⁹²³ Warburtons is present in 35 Tesco stores in NI, and Jones' Village explained that they supply a very small amount of pancakes to NI. Brennans does not manufacture or deliver pancakes for NI.

consider there are two main reasons that they have nevertheless been identified as alternatives by customers:

- (a) Some customers import a small proportion of their pancakes (in particular private label pancakes) from GB. In some cases their supplier of pancakes for NI is therefore their GB supplier and the customer arranges transport from GB to NI.⁹²⁴
- (b) Some customers have responded to the CMA's questionnaire on a hypothetical basis. For instance, Warburtons does not currently supply pancakes in NI, but two customers noted in their explanation that they would consider Warburtons despite it not currently having a route to market in NI.⁹²⁵ Warburtons submitted however that its strategy is to explore areas where it considers there to be market opportunities without pre-existing products, identifying pancakes in NI as an example of a market where it would be difficult to establish the Warburtons brand given AB and Hovis are both large players. In light of the above, we do not consider that Warburtons is an effective alternative (or likely to become one).⁹²⁶

7.106 One of two competitors noted that small bakeries are also effective competitors in the supply of pancakes. Small bakeries (or home bakeries) compete at the local level and would typically serve around ten convenience stores in their local area. This competitor explained that it considered these local bakeries to be an effective competitor because they benefit from preferential shelving and are perceived as more crafted by local convenience stores.⁹²⁷

7.107 These smaller competitors nonetheless lack the scale and distribution networks to operate on a NI-wide basis.⁹²⁸ One competitor told us that currently in NI only Irwin's, Genesis and the Parties had the travelling hotplates necessary to mass produce pancakes.⁹²⁹

Other considerations

7.108 In addition to the evidence above on closeness of competition and competitive constraints from alternative suppliers, we have considered evidence on buyer power, barriers to switching supplier and third-party views on the Merger.

⁹²⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹²⁵ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹²⁶ Third-party call note.

⁹²⁷ Third-party call note.

⁹²⁸ Third-party call note.

⁹²⁹ Third-party call note; and Third-party email to the CMA, dated 24 March 2026.

Customer buyer power and barriers to switching

- 7.109 The Parties' customers in NI include some large, sophisticated GMs, which command a degree of negotiating strength. The GMs in particular are important customers, and the loss of a contract can have a significant impact on a supplier's financial performance. There is also evidence that GMs are able to adjust the allocation of shelf space between suppliers, rebalance their stock between private label and branded products (where for private label products the GM owns the brand but relies on suppliers such as the Parties to manufacture the products), and use commodity benchmarking when examining suppliers' costs.⁹³⁰
- 7.110 However, most forms of buyer power that do not result in new entry – for example, buyer power based on a customer's size, sophistication, or ability to switch easily – are unlikely to prevent an SLC that would otherwise arise from the elimination of competition between the merger firms.⁹³¹ This is because a customer's buyer power depends on the availability of good alternatives they can switch to.⁹³² The evidence set out above indicates that customers in NI have limited alternatives to the Parties.
- 7.111 We also considered the ease of switching. Customers indicated that switching supplier of pancakes was not straightforward, especially for private label products. We asked customers to rate how easy or difficult (where 1 is very difficult, 2 is difficult, 3 is neither difficult or easy, 4 is easy and 5 is very easy) it would be to switch suppliers of private label or branded pancakes.
- (a) With regards to private label pancakes, over half of customers explained that they generally found it difficult to switch private label pancakes suppliers due to capacity concerns.⁹³³
- (b) With regards to branded pancakes, half of customers said that they found it neither difficult or easy to switch between branded pancakes supplier,⁹³⁴ less than half of customers indicated that switching a branded pancake supplier is difficult or very difficult,⁹³⁵ and one customer said that it finds it easy to switch supplier.⁹³⁶ Reasons for customers finding it difficult to switch include (i) lack

⁹³⁰ FMN, paragraphs 31-33. Competitors have also indicated that grocery retailers can utilise these levers when procuring their products (see for example, Third-party call note).

⁹³¹ We consider entry & expansion in chapter 8 below, where we find that there are significant barriers that are likely to prevent the emergence of material alternatives in the future.

⁹³² [CMA129](#), paragraph 4.20.

⁹³³ Some customers explained it would be difficult to switch private label pancake supplier (Third-party responses to the CMA questionnaire dated 23 January 2026). Others said it would neither be neither easy or difficult (Third-party responses to the CMA questionnaire dated 23 January 2026).

⁹³⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹³⁵ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹³⁶ Third-party response to the CMA questionnaire dated 23 January 2026.

of producers,⁹³⁷ and (ii) strong brand loyalty associated with the brand leader (Sunblest (ABF)).⁹³⁸

7.112 In light of the evidence above, and the fact that alternative suppliers of branded pancakes are much smaller than the Parties and there are almost no private label alternatives, we therefore consider that customer buyer power will not provide a material constraint on the Merged Entity.

Views on the Merger

7.113 As noted in Theory of Harm 1, customers expressed mixed views on the Merger, although many of the comments made were not specific to NI and none were specific to pancakes. In relation to NI, one customer said there is a risk of reduced competition which could reduce choice and increase cost including in relation to morning goods.⁹³⁹ This customer further stated that morning goods are currently dominated by the Parties but that there are good alternative NI suppliers which could provide options for the NI independent retailer and consumer.⁹⁴⁰

7.114 Similarly, most competitors did not comment specifically on morning goods markets in NI. One competitor noted that the Merger may make it more difficult for small players to compete in morning goods markets given the strength of the combined business.⁹⁴¹

Provisional conclusion on Theory of Harm 2

7.115 In view of the above, our provisional conclusions are as follows:

- (a) As regards closeness of competition: the Parties compete closely in the supply of pancakes in NI:
 - (i) share of supply estimates show that the Parties are the only two suppliers producing a material volume of private label and branded pancakes in NI, with a high combined share of supply of [80-90]%.
 - (ii) the evidence from customers shows that the Parties are considered to be the strongest suppliers with them being (i) the most frequently identified and (ii) receiving the strongest ratings.
 - (iii) the evidence from competitors shows that the Parties are considered to be very strong competitors by other suppliers in NI.

⁹³⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹³⁸ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹³⁹ Third-party response to the CMA questionnaire dated 3 December 2025.

⁹⁴⁰ Third-party response to the CMA questionnaire dated 3 December 2025.

⁹⁴¹ Third-party response to the CMA questionnaire dated 20 November 2025.

- (iv) the evidence from internal documents shows that the Parties monitor each other, and there is some evidence that Hovis considering [REDACTED] ORMO [REDACTED] pancakes was in part driven by it seeking to challenge AB's market leading position in the supply of pancakes.
- (b) As regards the remaining constraints (Irwin's, Genesis and other smaller competitors) on the Merged Entity:
 - (i) Irwin's exerts and will continue to exert a weak constraint on the Parties. Irwin's has a very low share of supply and whilst it was the next most frequently identified supplier after the Parties by customers, its effectiveness ratings were mixed. One customer noted that Irwin's does not have the extensive distribution network of the Parties meaning that it can only serve around half of its stores. One competitor noted however that alongside the Parties, Irwin's and Genesis are the only other producers with a travelling hotplate in NI and indicated that Irwin's had substantial capacity after having decided to move away from private label pancake production.⁹⁴²
 - (ii) Genesis exerts and will continue to exert a weak constraint on the Parties. Whilst being the third largest supplier of pancakes in NI after the Parties, it has a low share of supply. Less than half of customers identified Genesis as an alternative, and all bar one of those that did, rated it as somewhat effective or not at all effective.
 - (iii) Bertie's Bakery exerts and will continue to exert a very weak constraint on the Parties. Bertie's Bakery has a low share of supply and was only identified by two customers as an alternative, one of which rated it as somewhat effective.
 - (iv) Finally, other smaller suppliers exert a very weak constraint on the Parties in aggregate. Whilst other smaller competitors have a combined share of supply of [10-20]%, none of them has an individual share of supply above [0-5]%. Further, each of these other suppliers (except Warburtons) was only identified once each by customers.

7.116 Taking all the evidence in the round, our provisional conclusion is that these constraints are likely, individually and collectively, to be insufficient to offset the loss of competition resulting from the Merger, enabling the Merged Entity to increase prices or degrade non-price aspects of its offering.

⁹⁴² Third-party call note; Third-party email to the CMA.

7.117 On the basis of the above, our provisional view is that, subject to our provisional conclusion on countervailing factors (see Chapter 8), the Merger may be expected to result in an SLC in the supply of pancakes in NI.

Theory of Harm 3: supply of potato farls in NI

Parties' submissions

7.118 The Parties submitted that the Merger will not give rise to an SLC in the supply of potato farls in NI.⁹⁴³ Specifically, the Parties submitted:

- (a) The potato farl segment in NI is very small, where the Parties estimate the total market size (covering all customer sales channels ie including foodservice) is £[~~XX~~] million, of which approximately £[~~XX~~] million is sold via the retail sales channel, predominantly covering branded products.⁹⁴⁴
- (b) Potato farl sales account for a small proportion of each of Hovis' (approximately [~~XX~~]%) and AB's (approximately [~~XX~~]%) total sales of bread and non-bread bakery products in GB and NI.⁹⁴⁵
- (c) The Parties are currently the largest and second-largest suppliers of potato farls in NI,⁹⁴⁶ facing competition from national players such as McErlain's (trading as Genesis),⁹⁴⁷ Bertie's Bakery and Irwin's, as well as regional bakers such as Mullaghmore.⁹⁴⁸ The Parties further noted that:
 - (i) McErlain's (trading as Genesis) is currently the third largest player.^{949,950}
 - (ii) Bertie's Bakery will remain a significant competitive constraint as it has the ability to manufacture significant volumes of potato farls.⁹⁵¹
 - (iii) Irwin's has significant spare capacity and can increase supply of potato farls to NI customers on a branded or private label basis.⁹⁵²

⁹⁴³ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 2.31; Parties' response to the CMA RFI dated 14 January 2026, question 8.

⁹⁴⁴ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.66.

⁹⁴⁵ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.66.

⁹⁴⁶ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.70.

⁹⁴⁷ We understand that McErlain's is trading as Genesis Bakery. ABF's response to the CMA's s109 notice dated 16 January 2026, question 4; ABF internal document, Annex 218 to ABF's response to the CMA's s109 notice dated 16 January 2026.

⁹⁴⁸ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.72.

⁹⁴⁹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.72.3.

⁹⁵⁰ We note that evidence from a third-party shows that Genesis is not active in the supply of potato farls in NI (Third-party response to the CMA questionnaire dated 30 January 2026).

⁹⁵¹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.72.2.

⁹⁵² Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.72.1.

- (d) As with pancakes, smaller bakers can easily grow and maintain significant regional shares with strong local brands and will continue to significantly constrain the Parties' post-Merger, even if these brands have a minimal national share of supply.⁹⁵³
- (e) Potato farls are an undifferentiated market with no substantive variation between the Parties' and competitor potato farl product ranges.⁹⁵⁴
- (f) The potato farl market is characterised by low barriers to entry, and does not require extensive or expensive equipment, with limited start-up costs for a small operation.⁹⁵⁵
- (g) Similarly to plant bread, with respect to morning goods, GMs will continue to have significant countervailing buyer power post-Merger and control allocation of shelf space.⁹⁵⁶

Shares of supply

7.119 We present our estimates of shares of supply for the supply of potato farls in NI for 2025 in Table 7.3 below. We present shares for all potato farls but also shares for the supply of branded and private label potato farls, respectively. We note that our estimates are in line with the Parties' estimates set out in Appendix B. Details on the methodology are provided in Appendix B.

Table 7.3: Our estimates of 2025 shares of supply (by volume) in the supply of all, private label only, and branded only potato farls in NI

	(%)		
<i>Supplier†</i>	<i>Total</i>	<i>Branded Only</i>	<i>Private Label</i>
AB	[20-30]	[10-20]	[30-40]
Hovis	[20-30]	[30-40]	[10-20]
Parties' Combined	[40-50]	[40-50]	[40-50]
Irwin's	[10-20]	[10-20]	[5-10]
Mullaghmore Home Bakery	[5-10]	[5-10]	[0-5]
Bertie's Bakery	[0-5]	[5-10]	[0-5]
Others	[30-40]	[20-30]	[40-50]
Total	100	100	100

Source: CMA estimates based on volume data from the Parties and third parties.

† We note that evidence from a third party shows that Genesis is not active in the supply of potato farls in NI, and as such it is excluded from our share of supply estimates. Third-party response to the CMA questionnaire dated 30 January 2026.

7.120 We consider this evidence in terms of (i) closeness of competition between the Parties and (ii) the strength of competitive constraints in the sections below.

⁹⁵³ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.71.

⁹⁵⁴ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.73.

⁹⁵⁵ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.76.

⁹⁵⁶ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.3.

Internal documents

- 7.121 We set out below a summary of the key findings on potato farls from our review of ABF's and Hovis' internal documents.
- 7.122 Hovis' internal documents clearly identify that it is the number one brand in potato farls, followed by ABF (Sunblest).
- (a) For example, in one internal document from July 2025, Hovis states that ORMO Potato Farls is the number one brand in NI with a share of supply by volume of [REDACTED]%, outselling the nearest competitor (ABF owned Sunblest) by a ratio of [REDACTED].⁹⁵⁷
- (b) In another internal document from April 2024, shares over time are broken down for each morning goods segment. In potato farls, the document shows that Hovis' market share over this period has almost doubled from [REDACTED]% to [REDACTED]%. Hovis is identified as being the number one brand by shares of supply and the same document discusses how Hovis will maintain its number one status in potato farls.⁹⁵⁸
- 7.123 In addition to Sunblest (AB), Hovis also monitors private label and Irwin's.⁹⁵⁹ For example, one document from [REDACTED] notes that shares of Ormo have dropped year-on-year at two retailers, ASDA and JS, due to a rise in Own Label. This decline is limited, at just over one percentage point at one retailer and less than one percentage point at the other. In this same document, Hovis monitors shares of supply for Irwin's.⁹⁶⁰
- 7.124 ABF's internal documents indicate that it monitors a similar competitor set to Hovis, with ORMO, private label and Irwin's consistently monitored.⁹⁶¹
- (a) One document from [REDACTED] looks at potato scone⁹⁶² competitors in NI specifically, including Irwin's, ORMO, private label and Sunblest.⁹⁶³

⁹⁵⁷ For example, see Hovis internal document, Annex 152 to Hovis' response to the CMA's s109 notice dated 28 January 2026; See also, Hovis internal document, Annex 101 to Hovis' response to the CMA's s109 notice dated 28 January 2026.

⁹⁵⁸ For example, see Hovis internal document, Annex 177 to Hovis' response to the CMA's s109 notice dated 28 January 2026.

⁹⁵⁹ See for example, Hovis internal document, Annex 152 to Hovis' response to the CMA's s109 notice dated 28 January 2026; Hovis internal document, Annex 155 to Hovis' response to the CMA's s109 notice dated 28 January 2026; Hovis internal document, Annex 154 to Hovis' response to the CMA's s109 notice dated 28 January 2026.

⁹⁶⁰ Hovis internal document, Annex 181 to Hovis' response to the CMA's s109 notice dated 28 January 2026. The slide referenced in this document is titled '[REDACTED]'.

⁹⁶¹ See for example ABF internal document, Annex ABF007204 to ABF's response to the CMA's s109 notice dated 28 January 2026; ABF internal document, Annex ABF007203 to ABF's response to the CMA's s109 notice dated 28 January 2026; ABF internal document, Annex ABF007202 to ABF's response to the CMA's s109 notice dated 28 January 2026.

⁹⁶² Potato scones and potato farls are the same product. See Final Merger Notice, page 65, 11.6

⁹⁶³ See for example ABF internal document, Annex ABF005547 to ABF's response to the CMA's s109 notice dated 28 January 2026.

- (b) One ABF document from [redacted] states that brands are underperforming against private label in the potato farls sector. It goes on to state the percentage declines in Sunblest and Ormo and notes that the declines are driven by an increase in average selling price in Tesco compared to last year.⁹⁶⁴

Customer evidence on suppliers

7.125 As set out in more detail in Appendix C, we asked customers to list all suppliers (including their current suppliers) that could provide them with potato farls in NI, and to rate how suitable each of these suppliers would be for their supply of branded and private label potato farls, respectively. As set out in Table 4.1 in Chapter 4, we note that branded sales accounted for [80-90]% of the total volume of potato farls sold in 2025. Customer responses for branded potato farls (Figure 7.5) and private label potato farls (Figure 7.6) are set out below.

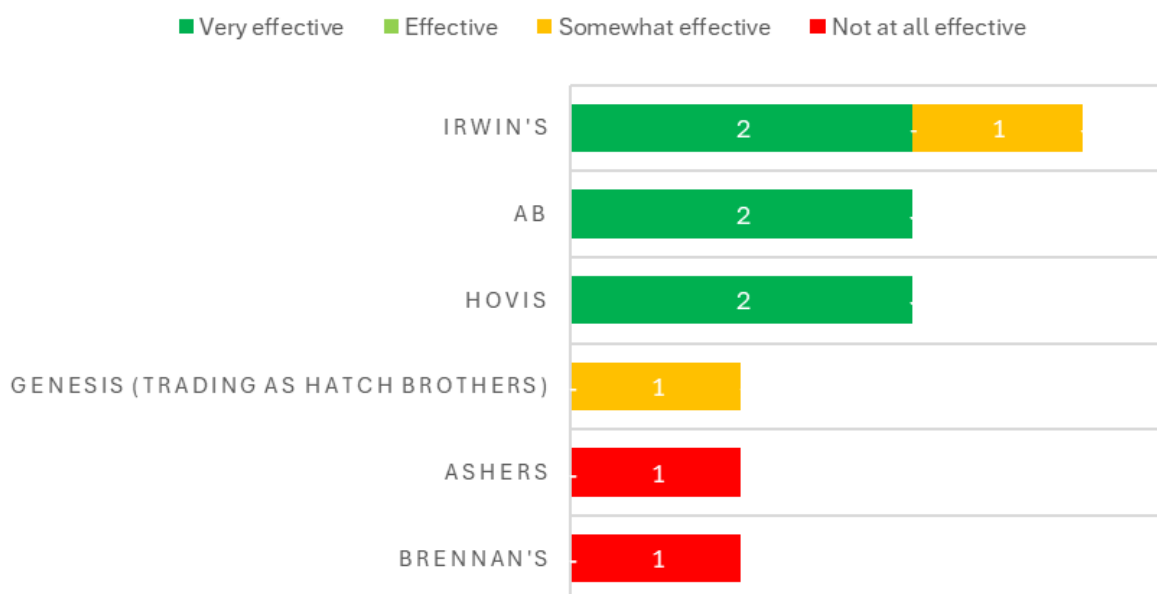
Figure 7.5: Customers' views on alternative suppliers of branded potato farls



CMA analysis of customer responses to the CMA's questionnaire.

⁹⁶⁴ See for example ABF internal document, Annex ABF006754 to ABF's response to the CMA's s109 notice dated 28 January 2026.

Figure 7.6: Customers' views on alternative suppliers of private label potato farls



CMA analysis of customer responses to the CMA's questionnaire.

7.126 We have considered this evidence in terms of (i) closeness of competition between the Parties and (ii) the strength of competitive constraints in the sections below.

Our assessment of closeness of competition between the Parties and their rivals

Closeness of competition between the Parties and their rivals

7.127 As set out above in Table 7.3, the Parties are the two largest suppliers of potato farls in NI, with a combined share of supply of [40-50]%. Hovis is the largest supplier with a share of [20-30]%, and AB is the second largest with a share of [20-30]%. Their combined share is substantially larger (over [x] times larger) than the next largest supplier's share of [10-20]%.

7.128 Branded sales accounted for [80-90]% of the total volume of potato farls sold.⁹⁶⁵ In the branded segment of the market, the shares of supply are broadly similar to the total market, with the Parties having a combined share of [40-50]%. In the smaller private label segment, the Parties have a combined share of [40-50]%.

⁹⁶⁵ See Table 4.1 in Chapter 4.

- 7.129 As set out above in the section on Internal Documents, AB and Hovis each monitor the other's brands.⁹⁶⁶ One Hovis document refers to AB's branded product (Sunblest) as its nearest competitor.⁹⁶⁷
- 7.130 As set out above in the section on third-party evidence, the Parties are both frequently listed as alternatives for customers' supply of branded and private label potato farls, and customers generally view both Parties as very effective alternatives.
- 7.131 As can be seen in Figure 7.5, for **branded** potato farls:
- (a) AB was the joint-most frequently identified supplier (alongside Hovis and Irwin's) that could provide an alternative to the customer's supply of branded potato farls.⁹⁶⁸ All but one customer provided a rating. All customers that identified and rated AB as an alternative rated it as very effective.⁹⁶⁹
 - (b) Hovis was the joint-most frequently identified supplier (alongside AB and Irwin's) that could provide an alternative to the customer's supply of branded potato farls.^{970,971} All but one customer provided a rating. Three-quarters of customers that identified and rated Hovis as an alternative rated Hovis as very effective,⁹⁷² and one customer rated Hovis as somewhat effective.⁹⁷³
- 7.132 As can be seen in Figure 7.6, for **private label** potato farls:

⁹⁶⁶ ABF internal document, Annex ABF005547 to ABF response to the CMA s109 Notice dated 1 October 2025. Hovis internal document, Annex 177 to Hovis' response to the CMA's s109 Notice dated 16 January 2026

⁹⁶⁷ Hovis internal document, Annex 152 to Hovis' response to the CMA's s109 Notice dated 16 January 2026

⁹⁶⁸ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA questionnaire dated 23 February 2026; Third-party response to the CMA RFI dated 5 February 2026; dated 5 February 2026. We asked customers to indicate whether they considered AB's branded and/or private label offering to be an alternative to its supply of branded potato farls. Most customers referred to AB's branded potato farls, and one referred to both AB's private label and branded potato farls.

⁹⁶⁹ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI: dated 5 February 2026; dated 5 February 2026.

⁹⁷⁰ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA questionnaire dated 23 February 2026; Third-party response to the CMA RFI dated 5 February 2026; dated 5 February 2026. Most customers referred to Hovis' branded potato farls, and one customer referred to both Hovis' private label and branded soda farls.

⁹⁷¹ We also note that a further one customer currently purchases branded potato farls from Hovis but didn't list Hovis and we consider that these customers would consider Hovis to be an effective supplier.

⁹⁷² Third-party responses to the CMA's questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026.

⁹⁷³ Third-party response to the CMA's questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026.

- (a) AB was the joint second-most frequently identified supplier (behind Irwin's) that could provide an alternative to the customer's supply of private label potato farls.^{974,975} Both customers rated AB as very effective.⁹⁷⁶
- (b) Hovis was also the joint second-most frequently identified supplier (behind Irwin's) that could provide an alternative to the customer's supply of private label potato farls.⁹⁷⁷ Both customers rated Hovis as very effective.⁹⁷⁸

7.133 Customers that listed AB and Hovis provided strengths and weaknesses of their offering:

- (a) Customers described strengths of AB as including its presence as an established supplier,⁹⁷⁹ its capacity,⁹⁸⁰ and distribution and route-to-supply within NI.⁹⁸¹
- (b) Customers described strengths of Hovis as including its presence as an established supplier,⁹⁸² its capacity⁹⁸³ and its distribution and route to market.⁹⁸⁴
- (c) One customer told us that AB and Hovis are established, trusted suppliers with a strong understanding of its needs, and that alternative suppliers have not proven competitive when the market has been tested.⁹⁸⁵

7.134 See Appendix C for further detail on evidence we have received from customers.

7.135 We also asked competitors to list their main competitors in the supply of potato farls in NI and for each competitor to (i) indicate if they compete with their branded or private label offering or both, (ii) to rate how strong the competitor's offering is

⁹⁷⁴ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026. We asked customers to indicate whether they considered AB's branded and/or private label offering to be an alternative to its supply of private label potato farls. One customer referred to AB's private label potato farls, and one referred to both AB's private label and branded potato farls.

⁹⁷⁵ We also note that a further one customer currently purchases private label potato farls from AB but didn't list AB and we consider that these customers would consider AB to be an effective supplier.

⁹⁷⁶ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026.

⁹⁷⁷ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026. One customer referred to Hovis' branded potato farls, and one referred to both AB's private label and branded potato farls.

⁹⁷⁸ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI: dated 5 February 2026.

⁹⁷⁹ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁹⁸⁰ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third party response to the CMA RFI dated 5 February 2026.

⁹⁸¹ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party responses to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 6 February 2026.

⁹⁸² Third-party response to the CMA's questionnaire dated 23 January 2026.

⁹⁸³ Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁹⁸⁴ Third-party responses to the CMA's questionnaire dated 23 January 2026; and Third-party responses to the CMA RFI dated 5 February 2026.

⁹⁸⁵ Third-party call note.

(very weak, weak, moderate, strong, very strong) and (iii) provide a brief explanation for the rating provided.

- 7.136 The one competitor that responded to our questionnaire identified AB and Hovis as competitors in the supply of potato farls.⁹⁸⁶ This competitor rated AB as a moderate competitor, and Hovis as a very strong competitor.⁹⁸⁷
- 7.137 This competitor told us that the vast majority of competition for NI morning goods comes from AB and Hovis.⁹⁸⁸ This competitor also told us that AB and Hovis are two of three competitors in NI producing potato farls on travelling hotplates, whereas smaller local bakeries will use a standard hot plate which is a much more labour-intensive process.⁹⁸⁹

Competitive constraints

Irwin's

- 7.138 As set out above, Irwin's is the third-largest supplier of potato farls in NI, with a share of [10-20]%.
- 7.139 As set out above in the section on Internal Documents, AB and Hovis both monitor Irwin's shares as part of their market tracking.
- 7.140 As can be seen in Figure 7.5, Irwin's was the joint-most frequently identified supplier for **branded** potato farls,⁹⁹⁰ but received lower ratings than the Parties. Of the customers who identified and rated Irwin's offering, two rated it as very effective,⁹⁹¹ one rated it as effective,⁹⁹² and one rated it as somewhat effective.⁹⁹³ One customer did not provide a rating.
- 7.141 As can be seen in Figure 7.6, for **private label** potato farls, Irwin's was the most identified provider as an alternative for private label potato farls.⁹⁹⁴ Of these

⁹⁸⁶ Third-party responses to the CMA's questionnaire dated, dated 20 November 2025.

⁹⁸⁷ Third-party responses to the CMA's questionnaire dated, dated 20 November 2025.

⁹⁸⁸ Third-party call note.

⁹⁸⁹ Third-party call note.

⁹⁹⁰ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA questionnaire dated 23 February 2026; and Third-party response to the CMA RFI dated 5 February 2026. Most of customers referred to Irwin's branded potato farls, and one referred to both Irwin's private label and branded potato farls.

⁹⁹¹ Third-party responses to the CMA's questionnaire; Third-party response to the CMA RFI dated 5 February 2026.⁹⁹¹

Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026.

⁹⁹² Third-party responses to the CMA's questionnaire dated 23 January 2026.

⁹⁹³ Third-party response to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 5 February 2026.⁹⁹³ Third-party response to the CMA's questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026.

⁹⁹⁴ Third-party responses to the CMA's questionnaire, dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; and Third-party response to the CMA RFI dated 5 February 2026. We asked customers to indicate whether they considered AB's branded and/or private label offering to be an alternative to its supply of private label soda farls. One customer referred to Irwin's branded potato farls, one customer referred to Irwin's private label potato farls and one referred to both Irwin's private label and branded potato farls.

customers, two rated Irwin's offering as very effective,⁹⁹⁵ and one rated Irwin's as somewhat effective.⁹⁹⁶

- 7.142 When describing Irwin's, customers identified strengths in Irwin's offering as including the quality of its product,⁹⁹⁷ and being local to NI.⁹⁹⁸ One customer described Irwin's weaknesses as capacity and that it does not have the extensive distribution network of AB and Hovis which can distribute to all stores six days-per-week (Monday to Saturday), and that Irwin's has a more limited reach of, at most, 40-50% of all of its stores.⁹⁹⁹
- 7.143 See Appendix C for further detail on the evidence we have received from customers with respect to Irwin's.
- 7.144 Irwin's told us that it operates two dedicated production lines ('travelling hotplates') to produce its morning goods, one of which is used to make both soda and potato farls (with production switching depending on demand). It added that these production lines are fully automated and cover baking, cooling and packaging continuously.¹⁰⁰⁰ One competitor told us that to their knowledge Irwin's is the only competitor in addition to the Parties in NI producing potato farls on travelling hotplates.¹⁰⁰¹
- 7.145 Irwin's also told us that it has significant spare capacity on its soda and potato farls production line.¹⁰⁰² Irwin's told us that it has moved away from producing private label morning goods, as it was struggling to make a profit on these products.¹⁰⁰³

Other suppliers

- 7.146 We are aware of a number of other suppliers of potato farls in NI, including Bertie's Bakery, and Mullaghmore Home Bakery.
- 7.147 As set out above in the section on Shares of Supply, other suppliers have smaller shares. The next largest suppliers – Mullaghmore Home Bakery, and Bertie's Bakery – have shares of [5-10]% and [0-5]% respectively. While the 'Others' category in Table 7.3 account for a relatively high share of the total market ([30-40]%), we note that within this is a very long tail of small suppliers. For example,

⁹⁹⁵ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026.⁹⁹⁵ Third-party responses to the CMA questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026.

⁹⁹⁶ Third-party response to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI: dated 5 February 2026.

⁹⁹⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

⁹⁹⁸ Third-party responses to the CMA questionnaire dated 23 January 2026.

⁹⁹⁹ We note that this comment came in relation to the customer describing their supply of pancakes, but that the customer also explained that the same distribution model applied for potato farls. Third-party call note.

¹⁰⁰⁰ Third-party call note.

¹⁰⁰¹ Third-party call note; and Third-party email to the CMA.

¹⁰⁰² Third-party call note.

¹⁰⁰³ Third-party call note.

the five largest of these suppliers, for which data is available, each have shares between [0-5]% and [0-5]%.¹⁰⁰⁴

- 7.148 As set out above in the section on Internal Documents, no other suppliers' shares are directly monitored as part of AB and Hovis' market tracking. However, both AB and Hovis monitor the share of 'private label' as a category.
- 7.149 Other providers were identified infrequently by customers and received lower ratings, with no other supplier being identified more than once, or rated as an effective or very effective alternative by any customer.
- 7.150 As can be seen in Figure 7.5, for **branded** potato farls, four other suppliers – Bertie's Bakery,¹⁰⁰⁵ Genesis,¹⁰⁰⁶ Ashers,¹⁰⁰⁷ and Brennans¹⁰⁰⁸ – were listed by one customer each, of which, none were rated as effective or very effective.
- 7.151 As can be seen in Figure 7.6, for **private label** potato farls, three other suppliers – Genesis,¹⁰⁰⁹ Ashers¹⁰¹⁰, and Brennans¹⁰¹¹ – were listed by one customer each, of which, none were rated as effective or very effective.
- 7.152 One customer told us, with regard to the procurement of private label products, that smaller bakeries have been considered but they tend to be less price-competitive, offer more premium-positioned products, have limited distribution reach, and often lack the necessary accreditation.¹⁰¹² This customer noted that smaller bakery potato farls are thus not like-for-like alternatives to the larger branded options.¹⁰¹³
- 7.153 One competitor told us that whilst some local bakers produce potato farls, they have a less efficient production process versus a travelling hotplate, which allows plant bakeries to be significantly less expensive than the home bakers.¹⁰¹⁴ The

¹⁰⁰⁴ We note that our source data contained an 'Others' category, which had a combined share of [10-20]%. We consider that it is unlikely that any individual supplier within this group has a material share.

¹⁰⁰⁵ Third-party response to the CMA's questionnaire dated 23 January 2026. This customer referred to Bertie's Bakery's branded potato farls.

¹⁰⁰⁶ Third-party response to the CMA's questionnaire dated 23 January 2026 This customer referred to Genesis' branded potato farls. We note that this supplier is not active in the supply of potato farls in NI (Third-party response to the CMA questionnaire dated 30 January 2026).

¹⁰⁰⁷ Third-party response to the CMA's questionnaire dated 23 January 2026. This customer referred to Ashers' branded potato farls.

¹⁰⁰⁸ Third-party response to the CMA's questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026. This customer referred to both Brennans branded and private label potato farls.

¹⁰⁰⁹ Third-party response to the CMA's questionnaire dated 23 January 2026. This customer referred to Genesis' branded potato farls.

¹⁰¹⁰ Third-party response to the CMA's questionnaire dated 23 January 2026. This customer referred to Ashers' branded potato farls.

¹⁰¹¹ Third-party response to the CMA's questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 5 February 2026. This customer referred to both Brennan's branded and private label potato farls.

¹⁰¹² Accreditation that local bakeries may require includes Brand Reputation through Compliance Global Standards (**BRCGS**) and Safe and Local Supplier Approval (**SALSA**).

¹⁰¹³ Third-party call note.

¹⁰¹⁴ This supplier further explained that local bakeries bake potato farls on a standard hot plate, which is a much more labour-intensive process (in comparison to a travelling hotplate), and which allows plant bakeries to be significantly less expensive than the home bakers.

competitor told us that whilst local bakers may sell potato farls in their own shop(s) they would not be selling potato farls in third-party convenience stores.¹⁰¹⁵

- 7.154 The same competitor also told us that ROI suppliers do not make potato farls as there is very limited demand for these in ROI given they are not part of the culinary tradition.¹⁰¹⁶

Other considerations

- 7.155 In addition to the evidence above on closeness of competition and competitive constraints from alternative suppliers, we have considered evidence on buyer power as a competitive constraint and third-party views on the Merger.

Customer buyer power and switching cost

- 7.156 The Parties' customers in NI include some large, sophisticated GMs, which command a degree of negotiating strength. The GMs in particular are important customers, and the loss of a contract can have a significant impact on a supplier's financial performance. There is also evidence that GMs are able to adjust the allocation of shelf space between suppliers, rebalance their stock between private label and branded products (where for private label products the GM owns the brand but relies on suppliers such as the Parties to manufacture the products), and use commodity benchmarking when examining suppliers' costs.¹⁰¹⁷
- 7.157 However, most forms of buyer power that do not result in new entry – for example buyer power based on a customer's size, sophistication, or ability to switch easily - are unlikely to prevent an SLC that would otherwise arise from the elimination of competition between the merger firms.¹⁰¹⁸ This is because a customer's buyer power depends on the availability of good alternatives they can switch to.¹⁰¹⁹ The evidence set out above indicates that customers in NI have limited alternatives to the Parties.
- 7.158 We also considered the ease of switching. Customers indicated that switching supplier of potato farls is not straightforward, especially for private label products. We asked customers to rate how easy or difficult (where 1 is very difficult, 2 is difficult, 3 is neither difficult or easy, 4 is easy and 5 is very easy) it would be to switch suppliers of private label or branded potato farls.

¹⁰¹⁵ Third-party call note.

¹⁰¹⁶ Third-party call note.

¹⁰¹⁷ FMN, paragraphs 31-33. Competitors have also indicated that grocery retailers can utilise these levers when procuring their products. See for example, Third-party call note.

¹⁰¹⁸ We consider entry & expansion in Chapter 8 below, where we find that there are significant barriers that are likely to prevent the emergence of material alternatives in the future.

¹⁰¹⁹ [CMA129](#), paragraph 4.20

- (a) With regards to private label potato farls, over half of customers indicated that switching supplier is either difficult or very difficult,¹⁰²⁰ with two of these rating it as very difficult.¹⁰²¹ Both of these customers indicated that this was due to lack of alternatives.¹⁰²² Two other customers indicated that it was neither difficult or easy to switch suppliers.¹⁰²³
- (b) With regards to branded potato farls, over half of customers indicated that switching a branded potato farl supplier is either difficult or very difficult,¹⁰²⁴ with two of these rating it as very difficult.¹⁰²⁵ Reasons include (i) lack of producers¹⁰²⁶ and (ii) strong brand loyalty associated with the brand leader (Sunblest (ABF)).¹⁰²⁷ Another two customers indicated it was neither difficult or easy to switch suppliers,¹⁰²⁸ and one customer indicated it was easy, explaining that there were other branded options available.¹⁰²⁹

7.159 In light of the evidence above, and the fact that alternative suppliers of branded potato farls are much smaller than the Parties and there is only one much smaller private label alternatives, we therefore consider that customer buyer power will not provide a material constraint on the Merged Entity.

Views on the Merger

7.160 As noted in Theory of Harm 1 and in Theory of Harm 2 above, customers expressed mixed views on the Merger, although many of the comments made were not specific to NI or morning goods. No specific comments were made in relation to potato farls.

Provisional conclusion on Theory of Harm 3

7.161 In view of the above, our provisional conclusions are as follows:

- (a) As regards to closeness of competition: the Parties compete closely in the supply of potato farls in NI.
 - (i) share of supply estimates show that the Parties are the two largest suppliers of potato farls, with a combined share of [40-50]%.
 - (ii) evidence from customers shows that the Parties are considered to be two of the three strongest suppliers, with (i) AB and Hovis being joint-

¹⁰²⁰ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹⁰²¹ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹⁰²² Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹⁰²³ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹⁰²⁴ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹⁰²⁵ Third-party response to the CMA's questionnaire dated 23 January 2026.

¹⁰²⁶ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹⁰²⁷ Third-party response to the CMA's questionnaire dated 23 January 2026.

¹⁰²⁸ Third-party response to the CMA's questionnaire dated 23 January 2026.

¹⁰²⁹ Third-party response to the CMA's questionnaire dated 23 January 2026.

most frequently identified alternative suppliers for the supply of branded potato farls, with both generally being considered very effective by customers, and (ii) AB and Hovis being the second-most frequently identified alternative suppliers for the supply of private label potato farls, with both being considered very effective by customers.

(iii) evidence from competitors shows that the Parties are identified as competitors by other suppliers, with one competitor rating AB as a moderate competitor and Hovis as a very strong competitor.

(iv) Finally, evidence from the Parties' internal documents shows that the Parties consistently monitor each other and regard Ormo (Hovis) and Sunblest (AB) as the leading potato farls brands in NI.

7.162 As regards the remaining constraints (Irwin's, and other smaller competitors) on the Merged Entity:

(a) Irwin's exerts and will continue to exert a moderate constraint on the Parties. Whilst Irwin's has a lower share of supply, Irwin's is the only other supplier (alongside the Parties) to operate travelling hotplates to produce potato farls. Irwin's was also frequently identified by customers and generally viewed as an effective supplier.

(b) There are a number of other smaller suppliers in NI, including Bertie's Bakery, and small local bakeries across NI, which will exert a very weak constraint on the Parties in aggregate. All of these suppliers have low shares (less than 5%), and none are considered to be an effective or very effective alternative by any customers.

7.163 Taking all the evidence in the round, our provisional conclusion is that these constraints are likely, individually and collectively, to be insufficient to offset the loss of competition resulting from the Merger, enabling the Merged Entity to increase prices or degrade non-price aspects of its offering.

7.164 On the basis of the above, our provisional view is that, subject to our provisional conclusion on countervailing factors (see Chapter 8), the Merger may be expected to result in an SLC in the supply of potato farls in NI.

Theory of Harm 4: supply of soda farls in NI

Parties' submissions

7.165 The Parties submitted that the Merger will not give rise to an SLC in the supply of soda farls in NI.¹⁰³⁰ Specifically, the Parties submitted:

- (a) The soda farl segment in NI is very small, where the Parties estimate the total market size (covering all customer sales channels ie including foodservice) is £[~~£~~] million, of which approximately £[~~£~~] million is sold via the retail sales channel, predominantly covering branded products.¹⁰³¹
- (b) Soda farl sales account for a very small proportion of each of Hovis' (approximately [~~£~~]%) and AB's (approximately [~~£~~]%) total sales of bread and non-bakery products in NI.¹⁰³²
- (c) The Parties are currently the largest and second-largest suppliers of soda farls in NI,¹⁰³³ facing competition from national players such as McErlain's (trading as Genesis),¹⁰³⁴ Bertie's Bakery, and Irwin's, as well as regional bakeries such as Patton's Bakery, Mullaghmore Home Bakery, and Sperrin Bakery.¹⁰³⁵ The Parties further noted that:
 - (i) McErlain's (trading as Genesis) is currently the third largest player.
^{1036, 1037}
 - (ii) Bertie's Bakery will remain a significant competitive constraint as it has the ability to manufacture significant volumes of soda farls.¹⁰³⁸
 - (iii) Irwin's has significant spare capacity and can increase supply of soda farls to NI customers on a branded or private label basis.¹⁰³⁹
 - (iv) Regional bakeries such as Mullaghmore Home Bakery, Sperrin Bakery and Patton's Bakery each have a strong regional presence, and impose a significant constraint on the Parties.¹⁰⁴⁰

¹⁰³⁰ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 2.31; and Parties' response to the CMA RFI dated 14 January 2026, question 8.

¹⁰³¹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.54.

¹⁰³² Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.54.

¹⁰³³ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.58.

¹⁰³⁴ We understand that McErlain's is trading as Genesis Bakery. ABF's response to the CMA's s109 notice dated 16 January 2026, question 4; ABF internal document, Annex 218 to ABF's response to the CMA's s109 notice dated 16 January 2026.

¹⁰³⁵ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.60.

¹⁰³⁶ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.60.3.

¹⁰³⁷ We note that this contrasts with the CMA's estimates of shares of supply, which are presented in Table 7.4 below.

¹⁰³⁸ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.60.2.

¹⁰³⁹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.60.1.

¹⁰⁴⁰ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.60.4.

- (d) As with other morning goods, smaller bakers can easily grow and maintain significant regional shares with strong local brands. These will continue to significantly constrain the Parties' post-Merger, even if these brands have a minimal national share of supply.¹⁰⁴¹
- (e) Soda farls are an undifferentiated market with no substantive variation between the Parties' and competitor soda farl product ranges.¹⁰⁴²
- (f) The soda farl market is characterised by low barriers to entry, and does not require extensive or expensive equipment, with limited start-up costs for a small operation.¹⁰⁴³
- (g) Similarly to plant bread, with respect to morning goods, GMs will continue to have significant countervailing buyer power post-Merger and control allocation of shelf space.¹⁰⁴⁴

Shares of supply

7.166 We present our estimates of shares of supply for the supply of soda farls in NI for 2025 in Table 7.4 below. We present shares for all soda farls but also shares for the supply of branded and private label soda farls, respectively. We note that our estimates are in line with the Parties' estimates set out in Appendix B. Details on the methodology are provided in Appendix B.

Table 7.4: Our estimates of 2025 shares of supply (by volume) in the supply of all, private label only, and branded only soda farls in NI

Supplier	(%)		
	Total	Branded Only	Private Label
AB	[10-20]	[10-20]	[20-30]
Hovis	[40-50]	[30-40]	[50-60]
Parties' Combined	[50-60]	[50-60]	[90-100]
Irwin's	[10-20]	[10-20]	[5-10]
Genesis†	[0-5]	[5-10]	[0-5]
Bertie's Bakery	[0-5]	[0-5]	[0-5]
Others	[20-30]	[20-30]	[0-5]
Total	100	100	100

Source: CMA estimates based on volume data from the Parties and third parties.

† Genesis also operates as McErlain's (Parties' response to the CMA's RFI dated 14 January 2026, paragraph 8.48.3).

7.167 We consider this evidence in terms of (i) closeness of competition between the Parties and (ii) the strength of competitive constraints in the sections below.

¹⁰⁴¹ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.59.

¹⁰⁴² Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.61.

¹⁰⁴³ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.64.

¹⁰⁴⁴ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.3.

Internal documents

- 7.168 We set out below a summary of the key findings on soda farls from our review of ABF's and Hovis' internal documents.
- 7.169 ABF's internal documents show that:
- (a) ABF monitors Hovis (specifically Hovis' Ormo branded product), Genesis, and 'private label' (as an aggregated category) alongside its own brand (Sunblest) in its market shares tracking.¹⁰⁴⁵
 - (b) ABF breaks down shares across different retailers, which show that ORMO is consistently the largest brand overall and the largest of the main brands in Tesco and SuperValu, but private label generally has higher shares than Ormo in ASDA and Sainsbury's.¹⁰⁴⁶ Sunblest is the second-largest brand monitored (not including private label), both overall in NI, and in all-but-one of the channels shown.¹⁰⁴⁷
 - (c) ABF does not monitor smaller suppliers individually with respect to soda farls but sometimes groups them under a broader "other" category. The "other" category of supplier is the largest share of units sold by a substantial margin in SuperValu and Convenience.¹⁰⁴⁸
- 7.170 Hovis' internal documents indicate that its main soda farl competitors are AB's Sunblest, and private label. The documents also show that Hovis monitors the shares of brands such as Genesis, Irwin's and Bertie's Bakery, while other smaller suppliers are sometimes grouped under a broader "other" category.
- (a) One internal document from [REDACTED] compares soda farl shares in different retailers against the previous year. The document notes that Hovis' share of soda farls has fallen in various retailers due to both (i) growth of own label and (ii) growth of Genesis and AB's Sunblest (although the decline in

¹⁰⁴⁵ See for example ABF Internal Document, Annex ABF007187 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; ABF Internal Document, Annex ABF007187 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; ABF Internal Document, Annex ABF007187 to ABF's response to the CMA's s109 notice dated 28 January 2026 slide 59-65.

¹⁰⁴⁶ See for example, ABF internal document, Annex ABF007187 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; ABF Internal Document, Annex ABF007204 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; and ABF Internal Document, Annex ABF007203 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 59-65.

¹⁰⁴⁷ See for example, ABF Internal Document, Annex ABF007187 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; ABF Internal Document, Annex ABF007204 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; and ABF Internal Document, Annex ABF007203 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 59-65.

¹⁰⁴⁸ See for example ABF Internal Document, Annex ABF07187 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; ABF Internal Document, Annex ABF07187 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 61-67; and ABF Internal Document, Annex ABF07187 to ABF's response to the CMA's s109 notice dated 28 January 2026, slide 59-65.

OMRO's overall share across retailers is only one percentage point, and Hovis remains the largest supplier).¹⁰⁴⁹

- (b) Another internal document from [REDACTED] considers whether there are [REDACTED] of soda farls in Tesco NI stores which makes it difficult for end-consumers to shop. The document considers that the inclusion of AB's Sunblest, and the promotions that it runs, in Tesco's range of soda farls is damaging the volumes of the overall soda farls segment with half of these promotions being decremental to the overall growth of soda farls in Tesco NI. The internal document notes that [REDACTED].¹⁰⁵⁰
- (c) In its most recent unit shares dashboard, Hovis includes Sunblest, private label, ORMO (Hovis), Irwin's, Genesis and Bertie's Bakery. For general grocery, the graph shows that ORMO has the largest unit share by a considerable margin, with Sunblest and private label having similar shares to each other. For convenience sales, ORMO also has the largest share by a considerable margin, followed by Sunblest. Private label shares are just over [REDACTED]%.¹⁰⁵¹

Customer evidence on suppliers

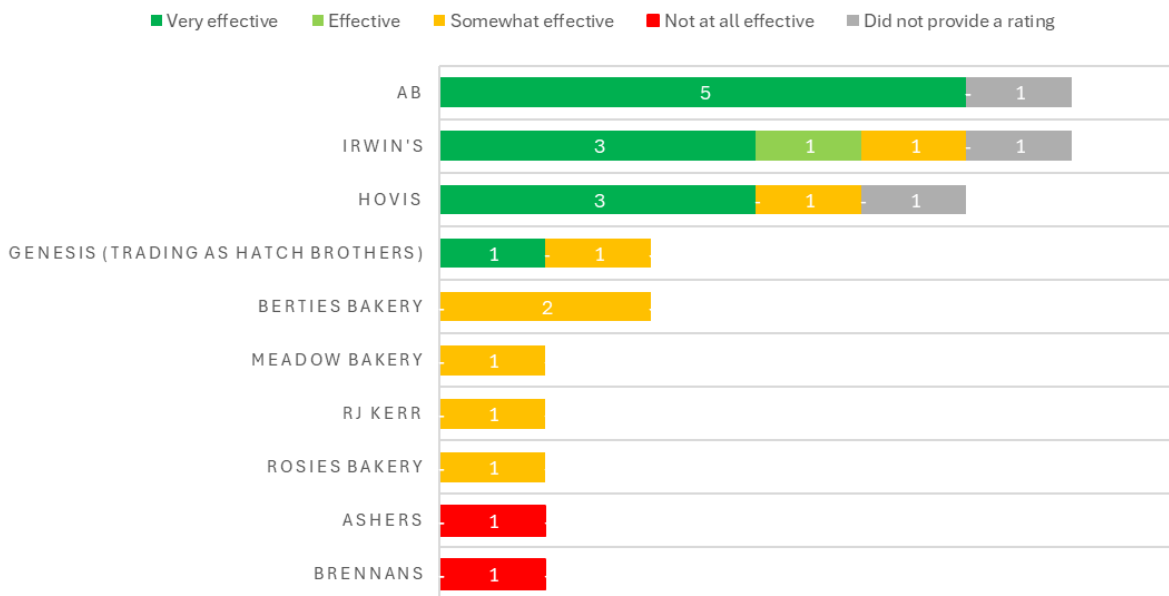
7.171 As set out in more detail in Appendix C, we asked customers to list all suppliers (including their current suppliers) that could provide them with soda farls in NI, and to rate how suitable their listed suppliers would be for their supply of (i) branded soda farls and (ii) private label soda farls. As set out in Table 4.1 in chapter 4, we note that branded sales accounted for [80-90]% of the total volumes of soda farls sold in 2025. Customer responses for branded soda farls (Figure 7.7) and private label soda farls (Figure 7.8) are set out below.

¹⁰⁴⁹ Hovis Internal Document, Annex 181 to Hovis' response to the CMA's s109 notice dated 28 January 2026, slide 2.

¹⁰⁵⁰ Hovis Internal Document, Annex 180 to Hovis' response to the CMA's s109 notice dated 28 January 2026.

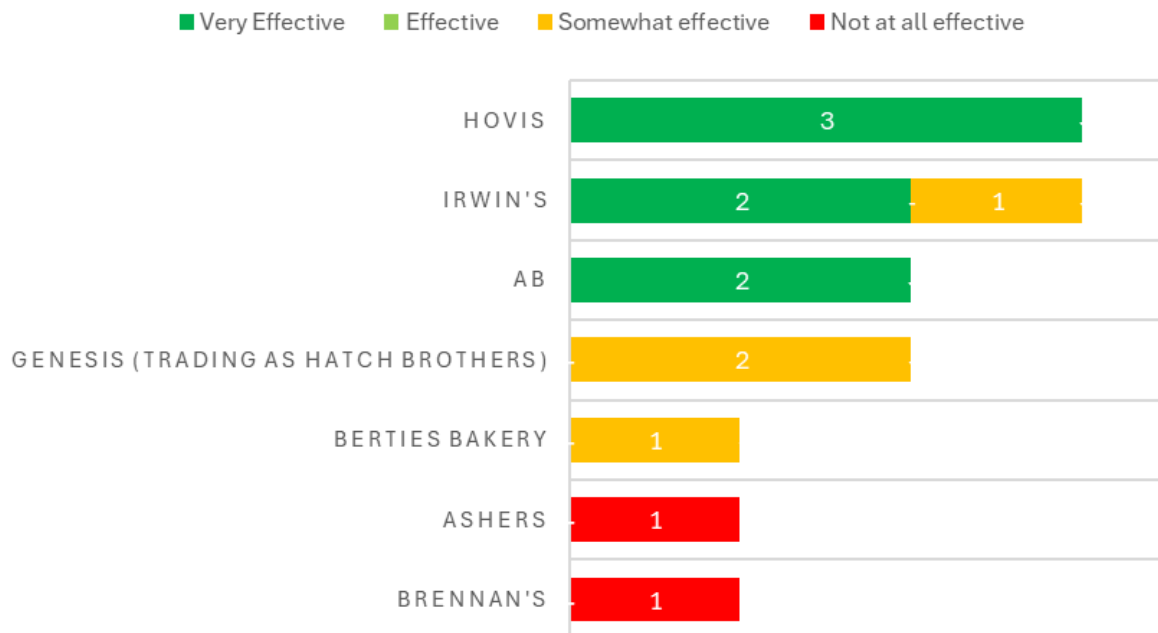
¹⁰⁵¹ Hovis Internal Document, Annex 155 to Hovis' response to the CMA's s109 notice dated 28 January 2026, slides 37-38. See also earlier versions, Hovis Internal Document, Annex 154 to Hovis' response to the CMA's s109 notice dated 28 January 2026, slide 38; and Hovis Internal Document, Annex 117 to Hovis' response to the CMA's s109 notice dated 28 January 2026, slide 28.

Figure 7.7 Customers' views on alternative suppliers of branded soda farls.



CMA analysis of customer responses to the CMA's questionnaire.

Figure 7.8 Customers' views on alternative suppliers of private label soda farls



CMA analysis of customer responses to the CMA's questionnaire.

7.172 We have considered this evidence in terms of (i) closeness of competition between the Parties and (ii) the strength of competitive constraints in the sections below.

Our assessment of closeness of competition between the Parties and their rivals

Closeness of competition between the Parties and their rivals

- 7.173 As set out above in Table 7.4 the Parties are the two largest suppliers of soda farls in NI. Hovis is the largest supplier with a share of [40-50]%, and AB is the second largest with a share of [10-20]%. The Parties have a high combined share of supply of [50-60]%, which is substantially larger (over times larger) than the next largest supplier's (Irwin's) share of [10-20]%.
- 7.174 Branded sales accounted for [80-90]% of the total volume of soda farls sold in 2025.¹⁰⁵² In the branded segment of the market, the shares of supply are broadly similar to the total market, with the Parties having a combined share of [50-60]%. In the smaller private label segment, the Parties had a substantially higher combined share of [90-100]%.
- 7.175 Further, as set out above, the Parties consistently monitor each other in their market shares tracking.
- 7.176 In line with the Parties having a high combined share of supply, as can be seen in Figure 7.7, for **branded** soda farls:
- (a) AB was the joint-most frequently identified supplier (alongside Irwin's) that could provide an alternative to the customer's current supply of branded soda farls.¹⁰⁵³ All but one customer that identified AB provided a rating. All customers that identified and rated AB rated it as very effective.¹⁰⁵⁴
 - (b) Hovis was the third-most frequently identified supplier (behind AB and Irwin's) that could provide an alternative to the customer's supply of branded soda farls.^{1055,1056} All but one customer provided a rating. Three-quarters of

¹⁰⁵² Table 4.1 in Chapter 4.

¹⁰⁵³ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA questionnaire dated 23 February 2026. Third-party response to the CMA RFI: dated 6 February 2026; dated 6 February 2026; dated 5 February 2026; dated 5 February 2026. We asked customers to indicate whether they considered AB's branded and/or private label offering to be an alternative to its supply of branded soda farls. Most of these customers referred to AB's branded soda farls, and one customer referred to both AB's private label and branded soda farls.

¹⁰⁵⁴ Third-party responses to the CMA questionnaire dated 23 January 2026, Third-party responses to the CMA RFI: dated 6 February 2026; Third-party responses to the CMA RFI dated 5 February 2026

¹⁰⁵⁵ Third-party responses to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA questionnaire dated 23 February 2026. Third party response to the CMA RFI: dated 5 February 2026; dated 5 February 2026. Most customers referred to Hovis' branded soda farls, and one customer referred to both Hovis' private label and branded soda farls.

¹⁰⁵⁶ We also note that a further one customer currently purchases branded soda farls from Hovis but didn't list Hovis and we consider that these customers would consider AB to be an effective supplier (Third-party response to the CMA's questionnaire dated 23 January 2026).

customers that identified and rated Hovis rated it as very effective,¹⁰⁵⁷ and one customer rated Hovis as somewhat effective.¹⁰⁵⁸

7.177 As can be seen in Figure 7.8, for **private label** soda farls:

- (a) Hovis was the joint-most frequently identified supplier (alongside Irwin's) that could provide an alternative to the customer's current supply of private label soda farls.¹⁰⁵⁹ All of the customers that identified Hovis rated it as very effective.¹⁰⁶⁰
- (b) AB was the joint third-most frequently identified supplier (behind AB and Irwin's) as an alternative for private label soda farls.^{1061,1062} Both of the customers that identified AB rated it as very effective.¹⁰⁶³

7.178 Customers that listed AB and Hovis also provided strengths and weaknesses of their offering:

- (a) Customers described strengths of AB as including its presence as an established supplier,¹⁰⁶⁴ its capacity,¹⁰⁶⁵ and distribution and route-to-supply within NI.¹⁰⁶⁶
- (b) Customers described strengths of Hovis as including its presence as an established supplier,¹⁰⁶⁷ its capacity,¹⁰⁶⁸ its distribution¹⁰⁶⁹ and strong route to market and brand in NI.¹⁰⁷⁰

7.179 We also asked competitors to list their main competitors in the supply of soda farls in NI and for each competitor to (i) indicate if they compete with their branded or private label offering or both, (ii) to rate how strong the competitors' offering is

¹⁰⁵⁷ Third-party responses to the CMA questionnaire dated 23 January 2026; Third-party response to the CMA RFI: dated 5 February 2026.

¹⁰⁵⁸ Third-party response to the CMA questionnaire dated 23 January 2026. Third-party response to the CMA RFI: dated 5 February 2026.

¹⁰⁵⁹ Third-party responses to the CMA's questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026. One customer referred to Hovis's private label soda farls, one referred to Hovis' branded soda farls, and one referred to both AB's private label and branded soda farls.

¹⁰⁶⁰ Third-party responses to the CMA's questionnaire; Third party response to the CMA RFI: dated 5 February 2026.

¹⁰⁶¹ Third-party responses to the CMA's questionnaire. Third-party response to the CMA RFI: dated 6 February 2026; dated 5 February 2026. We asked customers to indicate whether they considered AB's branded and/or private label offering to be an alternative to its supply of private label soda farls. One customer referred to AB's private label soda farls, and referred to both AB's private label and branded soda farls.

¹⁰⁶² We also note that a further one customer currently purchases private label soda farls from AB but didn't list AB and we consider that these customers would consider AB to be an effective supplier (Third-party response to the CMA's questionnaire).

¹⁰⁶³ Third-party responses to the CMA's questionnaire; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026.

¹⁰⁶⁴ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁰⁶⁵ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁰⁶⁶ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁰⁶⁷ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁰⁶⁸ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹⁰⁶⁹ Third-party response to the CMA questionnaire dated 23 January 2026.

¹⁰⁷⁰ Third-party response to the CMA RFI dated 5 February 2026.

(very weak, weak, moderate, strong, very strong) and (iii) provide a brief explanation for the rating provided.

- 7.180 Both competitors in soda farls that responded to our questionnaire identified AB and Hovis as competitors in the supply of soda farls.¹⁰⁷¹ One competitor rated both AB and Hovis as very strong competitors.¹⁰⁷² The other competitor rated Hovis as a strong competitor, and AB as a weak competitor.¹⁰⁷³
- (a) The competitor that described AB's branded product as a very strong competitor explained that AB had competitive pricing and a market wide presence.¹⁰⁷⁴
- (b) The same competitor that described Hovis' branded product as a very strong competitor explained that Hovis has multiple SKUs, competitive prices, and a market-wide presence.¹⁰⁷⁵
- 7.181 While the other competitor rated AB as a weak competitor (and Hovis as a strong competitor),¹⁰⁷⁶ it also told us that the vast majority of competition for NI morning goods comes from AB and Hovis.¹⁰⁷⁷ This competitor also told us that Irwin's, AB and Hovis are the only competitors in NI producing soda farls on travelling hotplates.¹⁰⁷⁸

Competitive constraints

Irwin's

- 7.182 As set out in Table 7.4, Irwin's is the third-largest supplier of soda farls in NI, with a relatively small share of supply of [10-20]%.
- 7.183 As set out above in the section on Internal Documents, Hovis monitors the shares of Irwin's as part of its unit shares dashboard. We have not seen evidence that AB tracks Irwin's as part of its market shares monitoring.
- 7.184 Despite having a relatively small share of supply, as can be seen in Figure 7.7, Irwin's was the joint-most frequently identified supplier for **branded** soda farls (alongside AB).¹⁰⁷⁹ Of the customers who identified and rated Irwin's, more than

¹⁰⁷¹ Third-party responses to the CMA questionnaire dated 20 November 2025

¹⁰⁷² Third-party response to the CMA questionnaire dated 20 November 2025

¹⁰⁷³ Third-party response to the CMA questionnaire dated 20 November 2025

¹⁰⁷⁴ Third-party response to the CMA questionnaire dated 20 November 2025

¹⁰⁷⁵ Third-party response to the CMA questionnaire dated 20 November 2025

¹⁰⁷⁶ Third-party response to the CMA questionnaire dated 20 November 2025.

¹⁰⁷⁷ Third-party call note

¹⁰⁷⁸ Third-party call note

¹⁰⁷⁹ Third-party responses to the CMA's questionnaire dated 23 January 2026; Third-party response to the CMA RFI dated 6 February 2026; Third-party response to the CMA RFI dated 5 February 2026; Third-party response to the CMA RFI dated 5 February 2026. Most customers referred to Irwin's branded soda farls, and one referred to both Irwin's private label and branded soda farls.

half rated it as very effective,¹⁰⁸⁰ one rated it as effective,¹⁰⁸¹ while one customer rated it as somewhat effective.¹⁰⁸² One customer did not provide a rating.

- 7.185 Similarly, as can be seen in Figure 7.8, Irwin's was also the joint-most frequently identified supplier for **private label** soda farls (alongside Hovis).¹⁰⁸³ Of these customers, two rated it as very effective,¹⁰⁸⁴ while one customer rated Irwin's as somewhat effective.¹⁰⁸⁵
- 7.186 When describing Irwin's, customers identified strengths in Irwin's offering as including product quality¹⁰⁸⁶ and being local to NI.¹⁰⁸⁷ Customers also noted weaknesses including with capacity.¹⁰⁸⁸ One customer told us that Irwin's does not have the extensive distribution network of AB and Hovis who can distribute to all stores 6 days-per-week (Monday to Saturday), and that Irwin's has a more limited reach of, at most, 40-50% of all of its stores.¹⁰⁸⁹ See Appendix C for further detail.
- 7.187 Irwin's told us that it operates two dedicated production lines ('travelling hotplates') to produce its morning goods, one of which is used to make both soda and potato farls (with production switching depending on demand). It added that these production lines are fully automated and cover baking, cooling and packaging continuously.¹⁰⁹⁰ One competitor told us that Irwin's, AB and Hovis are the only competitors in NI producing soda farls on travelling hotplates.¹⁰⁹¹
- 7.188 Irwin's told us that it has significant spare capacity on its soda and potato farls production line.¹⁰⁹² Irwin's also told us that it has moved away from producing private label morning goods, as it was struggling to make profit on these products.¹⁰⁹³
- 7.189 One competitor that responded to our questionnaire identified Irwin's as a main competitor in the supply of branded soda farls. This competitor rated Irwin's as strong, and in its explanation, referred to its multiple SKUs, market-wide presence, and competitive pricing.¹⁰⁹⁴

¹⁰⁸⁰ Third-party responses to the CMA questionnaire dated 23 January; Third-party response to the CMA RFI dated 6 February 2026, and Third-party response to the CMA RFI dated 5 February 2026

¹⁰⁸¹ Third-party response to the CMA questionnaire dated 23 January 2026

¹⁰⁸² Third-party response to the CMA's questionnaire; and Third-party response to the CMA RFI dated 5 February 2026.

¹⁰⁸³ Third-party response to the CMA's questionnaire. Third-party response to the CMA RFI dated 6 February 2026; dated 5 February 2026. One customer referred to Irwin's private label soda farls, one referred to Irwin's branded soda farls, and one referred to both AB's private label and branded soda farls.

¹⁰⁸⁴ Third-party responses to the CMA's questionnaire; and Third-party response to the CMA RFI dated 6 February 2026.

¹⁰⁸⁵ Third-party response to the CMA's questionnaire; and Third-party response to the CMA RFI dated 5 February 2026.

¹⁰⁸⁶ Third-party response to the CMA's questionnaire; and Third-party response to the CMA RFI dated 6 February 2026;

¹⁰⁸⁷ Third-party responses to the CMA's questionnaire; and Third-party response to the CMA RFI dated 5 February 2026.

¹⁰⁸⁸ Third-party response to the CMA's questionnaire; and Third-party response to the CMA RFI dated 5 February 2026.

¹⁰⁸⁹ Third-party call note. We note that this comment came in relation to the customer describing their supply of pancakes, but that the customer also explained that the same distribution model applied for soda farls.

¹⁰⁹⁰ Third-party call note

¹⁰⁹¹ Third-party call note

¹⁰⁹² Third-party call note

¹⁰⁹³ Third-party call note

¹⁰⁹⁴ Third-party response to the CMA questionnaire dated 20 November 2025.

Genesis

- 7.190 As set out in Table 7.4, Genesis is the fourth-largest supplier of soda farls in NI, with a small share of supply of [5-10]%.
- 7.191 As set out above in the section on Internal Documents, both of the Parties track Genesis as part of their monitoring activity.
- 7.192 In line with having a small share of supply, as can be seen in Figures 7.7 and 7.8 for **branded** and **private label** soda farls: Genesis was less-frequently identified as an alternative supplier of soda farls than the Parties and Irwin's:
- (a) Genesis was identified by two customers as an alternative for **branded** soda farls.¹⁰⁹⁵ One customer rated Genesis as very effective,¹⁰⁹⁶ while one customer rated Genesis as somewhat effective.¹⁰⁹⁷
 - (b) Genesis was identified by two customers as an alternative for **private label** soda farls.¹⁰⁹⁸ Both of these customers rated Genesis as somewhat effective.¹⁰⁹⁹
- 7.193 When describing Genesis, customers noted capacity concerns as a weakness. One customer noted that Genesis is currently only a branded option, but that the customer might be able to consult with Genesis regarding private label. See Appendix C for further detail.
- 7.194 No competitor that responded to our questionnaire identified Genesis as a main competitor in the supply of soda farls.

Bertie's Bakery

- 7.195 As set out above in the section on Internal Documents, Hovis monitors Bertie's Bakery as part of its market shares tracking.¹¹⁰⁰
- 7.196 As set out in Table 7.4, Bertie's Bakery is the fifth-largest supplier of soda farls in NI, with a small share of supply of [0-5]%.

¹⁰⁹⁵ Third-party responses to the CMA's questionnaire dated 23 January 2026, question 33. Both customers referred to Genesis' branded soda farls.

¹⁰⁹⁶ Third-party response to the CMA questionnaire dated 23 January 2026

¹⁰⁹⁷ Third-party response to the CMA questionnaire dated 23 January 2026

¹⁰⁹⁸ One customer referred to Genesis' private label soda farls (Third-party response to the CMA's questionnaire dated 23 January 2026), and one referred to Genesis' branded soda farls (Third-party response to the CMA's questionnaire dated 23 January 2026).

¹⁰⁹⁹ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹¹⁰⁰ Hovis internal document, Annex 155 to the CMA's s109 Notice dated 16 January 2026

- 7.197 As can be seen in Figure 7.7, for **branded** soda farls, Bertie's Bakery was identified less frequently than the Parties or Irwin's, being identified by two customers. Both of these customers rated Bertie's as somewhat effective.¹¹⁰¹
- 7.198 Similarly, as can be seen in Figure 7.8, for **private label** soda farls, Bertie's Bakery was only identified by one customer as a supplier, and was rated as somewhat effective by this customer.¹¹⁰²
- 7.199 When describing Bertie's Bakery, one customer listed as a strength that Bertie's Bakery was an NI-based supplier.¹¹⁰³ Customers noted weaknesses including that it was local to an area,¹¹⁰⁴ and that the site was not approved by the customer.¹¹⁰⁵ See Appendix C for further detail.
- 7.200 None of the competitors that responded to our questionnaire identified Bertie's Bakery as a main competitor in the supply of soda farls.

Other suppliers

- 7.201 We are aware of a number of other suppliers of soda farls in NI, including small local bakeries across NI.
- 7.202 As regards shares of supply, while the 'Others' in Table 7.4 account for a relatively high share of the total market ([20-30]%), we note that within this is a very long tail of small suppliers. No other supplier for which data is available has a share over [0-5]%.¹¹⁰⁶
- 7.203 As set out above in the section on Internal Documents, we have not seen evidence that any other specific brands are monitored consistently. One AB document indicates that, within the SuperValu and Convenience channels, the 'other' category has the largest share by a substantial margin.¹¹⁰⁷
- 7.204 Other providers were identified infrequently by customers and received lower ratings, with no other supplier being rated as an effective or very effective alternative by any customer.

¹¹⁰¹ Third-party responses to the CMA's questionnaire dated 23 January 2026; and Third-party response to the CMA RFI dated 6 February 2026

¹¹⁰² Third-party response to the CMA's questionnaire dated 23 January 2026. This customer referred to Bertie's Bakery's branded soda farls.

¹¹⁰³ Third-party response to the CMA questionnaire dated 23 January 2026

¹¹⁰⁴ Third-party response to the CMA questionnaire dated 23 January 2026.

¹¹⁰⁵ Third-party response to the CMA questionnaire dated 23 January 2026.

¹¹⁰⁶ We note that our source data contained an 'Others' category, which had a combined share of [0-5]%. We consider that it is unlikely that any individual supplier within this group has a material share.

¹¹⁰⁷ ABF internal document, Annex ABF007187 to ABF's Response to the CMA's 109 Notice dated 16 January 2026

- (a) As alternatives for **branded** soda farls: Five other suppliers – RJ Kerr,¹¹⁰⁸ Rosie’s Bakery,¹¹⁰⁹ Meadow Bakery,¹¹¹⁰ Ashers,¹¹¹¹ and Brennans¹¹¹² – were each identified once, of which, none were rated as effective or very effective.
- (b) As alternatives for **private label** soda farls: Two other suppliers – Ashers,¹¹¹³ and Brennans¹¹¹⁴ – were each identified once, of which, none were rated as effective or very effective.

7.205 One customer told us that, with regard to the procurement of private label products, it has considered smaller bakeries but they tend to be less price-competitive, offer more premium-positioned products, have limited distribution reach, and often lack the necessary BRCGS or SALSA accreditation.¹¹¹⁵ It noted that smaller bakery soda farls are thus not like-for-like alternatives to the larger branded options.¹¹¹⁶

7.206 One competitor provided mixed evidence on the strength of local bakeries:

- (a) This competitor listed local bakeries as strong competitors in the supply of soda farls.¹¹¹⁷ It further explained in a call that it considers local bakeries to be competitors (in general, ie not specifically in relation to soda farls) in that they receive preferential shelf space because they are considered as more crafted.¹¹¹⁸
- (b) The competitor explained that these bakeries are strong competitors on quality but only in the symbol sector,¹¹¹⁹ and noted limited production ability.¹¹²⁰ This competitor further explained that competition with home bakeries occurs at the local level but noted that these bakeries have limited capacity and will only serve around ten convenience stores in their local area.¹¹²¹

¹¹⁰⁸ Third-party response to the CMA’s questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 6 February 2026.

¹¹⁰⁹ Third-party response to the CMA’s questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 6 February 2026.

¹¹¹⁰ Third-party response to the CMA’s questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 6 February 2026.

¹¹¹¹ Third-party response to the CMA’s questionnaire dated 23 January 2026. This customer referred to Ashers’ branded soda farls.

¹¹¹² Third-party response to the CMA’s questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026. This customer referred to both Brennans branded and private label soda farls.

¹¹¹³ Third-party response to the CMA’s questionnaire dated 23 January 2026. This customer referred to Ashers’ branded soda farls.

¹¹¹⁴ Third-party response to the CMA’s questionnaire dated 23 January 2026. Third-party response to the CMA RFI dated 5 February 2026. This customer referred to both Brennans branded and private label soda farls.

¹¹¹⁵ Accreditation that local bakeries may require includes Brand Reputation through Compliance Global Standards (**BRCGS**) and Safe and Local Supplier Approval (**SALSA**).

¹¹¹⁶ Third-party call note.

¹¹¹⁷ Third-party response to the CMA questionnaire dated 20 November 2025.

¹¹¹⁸ Third-party call note.

¹¹¹⁹ Symbol convenience stores are small independent retailers that operate under a symbol brand name.

¹¹²⁰ Response to the CMA’s questionnaire dated 19 November 2025.

¹¹²¹ Third-party call note.

7.207 The same competitor told us that ROI suppliers do not make soda farls given they are not part of the culinary tradition in the ROI.¹¹²²

Other considerations

7.208 In addition to the evidence above on closeness of competition and competitive constraints from alternative suppliers, we have considered evidence on buyer power as a competitive constraint and third-party views on the merger.

Customer buyer power and switching costs

7.209 The Parties' customers in NI include some large, sophisticated GMs, which command a degree of negotiating strength. The GMs in particular are important customers, and the loss of a contract can have a significant impact on a supplier's financial performance. There is also evidence that GMs are able to adjust the allocation of shelf space between suppliers, rebalance their stock between private label and branded products (where for private label products the GM owns the brand but relies on suppliers such as the Parties to manufacture the products), and use commodity benchmarking when examining suppliers' costs.¹¹²³

7.210 However, most other forms of buyer power that do not result in new entry – for example buyer power based on a customer's size, sophistication, or ability to switch easily - are unlikely to prevent an SLC that would otherwise arise from the elimination of competition between the merger firms.¹¹²⁴ This is because a customer's buyer power depends on the availability of good alternatives they can switch to.¹¹²⁵ The evidence set out above indicates that customers in NI have limited alternatives to the Parties.

7.211 We also considered the ease of switching. Customers indicated that switching supplier of soda farls was not straightforward, especially for private label products. We asked customers to rate how easy or difficult (where 1 is very difficult, 2 is difficult, 3 is neither difficult or easy, 4 is easy and 5 is very easy) it would be to switch suppliers of private label or branded soda farls.

(a) With regards to private label soda farls, over half of customers indicated that switching supplier is either difficult or very difficult,¹¹²⁶ with two customers

¹¹²² Third-party call note.

¹¹²³ FMN, paragraphs 31-33. Competitors have also indicated that grocery retailers can utilise these levers when procuring their products. See for example, Third-party call note.

¹¹²⁴ We consider entry & expansion in Chapter 8 below, where we find that there are significant barriers that are likely to prevent the emergence of material alternatives in the future.

¹¹²⁵ [CMA129](#), paragraph 4.20.

¹¹²⁶ Third-party responses to the CMA's questionnaire dated 23 January 2026

rating it as very difficult.¹¹²⁷ Both of these customers indicated that this was due to there being limited alternatives.¹¹²⁸

- (b) With regards to branded soda farls, over half of customers indicated that switching supplier is either difficult or very difficult,¹¹²⁹ with two of these rating it as very difficult.¹¹³⁰ Reasons include (i) lack of producers¹¹³¹ and (ii) strong brand loyalty associated with the brand leader (Sunblest (ABF)).¹¹³² Another two customers indicated that switching suppliers was neither difficult or very difficult,¹¹³³ and one customer indicated that it was easy to switch suppliers, explaining that there were other branded suppliers available.¹¹³⁴

7.212 In light of the evidence above, and the fact that alternative suppliers of branded soda farls are much smaller than the Parties and there is only one smaller private label alternative, we therefore consider that customer buyer power will not provide a material constraint on the Merged Entity.

Views on the Merger

7.213 As noted in Theory of Harm 1 and Theory of Harm 2, customers expressed mixed views on the merger, although many of the comments made were not specific to NI or morning goods. No specific comments were made in relation to soda farls.

Provisional conclusion on Theory of Harm 4

7.214 In view of the above, our provisional conclusions are as follows:

- (a) As regards to closeness of competition: the Parties closely compete in the supply of soda farls in NI.
 - (i) Share of supply estimates show that the Parties are the two largest suppliers of soda farls, with a high combined share of [50-60]%.
 - (ii) Evidence from customers shows that the Parties are considered to be two of the three strongest suppliers, with:
 - (1) AB being the joint-most frequently identified alternative supplier of branded soda farls and considered to be very effective, whilst

¹¹²⁷ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹¹²⁸ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹¹²⁹ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹¹³⁰ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹¹³¹ Third-party responses to the CMA's questionnaire dated 23 January 2026.

¹¹³² Third-party response to the CMA's questionnaire dated 23 January 2026.

¹¹³³ Third-party response to the CMA's questionnaire dated 23 January 2026.

¹¹³⁴ Third-party response to the CMA's questionnaire dated 23 January 2026.

Hovis was the third most frequently identified supplier and also generally considered to be effective; and

(2) Hovis being the joint-most frequently identified alternative supplier of private label soda farls and considered to be very effective, whilst AB was the joint-third most frequently identified supplier and also considered to be very effective.

(iii) Evidence from competitors shows that the Parties are identified as competitors by other competitors, and while views are mixed as to their strength, one competitor viewed both AB and Hovis as very strong competitors.

(iv) Finally, the evidence from the Parties' internal documents shows that the Parties are the largest branded suppliers and consistently monitor each other.

7.215 As regards the remaining constraints (Irwin's, Genesis, Bertie's Bakery and other smaller competitors) on the Merged Entity:

(a) Irwin's exerts and will continue to exert a moderate constraint on the Parties. Whilst Irwin's has a low share of supply, Irwin's is the only other supplier (alongside the Parties) to operate travelling hotplates to produce soda farls and Irwin's was the joint-most frequently identified supplier by customers and generally viewed as a very effective supplier.

(b) Genesis exerts and will continue to exert a weak constraint on the Parties. Genesis has a small share of supply and was less-frequently identified as an alternative supplier of soda farls, relative to the Parties and Irwin's, with no customers identifying Genesis as effective or very effective.

(c) There are a number of other smaller suppliers in NI, including Bertie's Bakery, and small local bakeries across NI, which will exert a very weak constraint on the Parties in aggregate. All of these suppliers have low shares (less than 5%), and none are considered to be an effective or very effective alternative by any customers.

7.216 Taking all the evidence in the round, our provisional conclusion is that these constraints are likely, individually and collectively, to be insufficient to offset the loss of competition resulting from the Merger, enabling the Merged Entity to increase prices or degrade non-price aspects of its offering.

7.217 On the basis of the above, our provisional view is that, subject to our provisional conclusion on countervailing factors (see Chapter 8), the Merger may be expected to result in an SLC in the supply of soda farls in NI.

8. COUNTERVAILING FACTORS

- 8.1 In this chapter we consider whether there are any countervailing factors which could prevent or mitigate any SLC in relation to the supply of each of plant bread, pancakes, soda farls and potato farls in NI.
- 8.2 There are two main ways in which this could happen: through Merger efficiencies or through the entry and/or expansion of third parties in reaction to the effects of the Merger.
- 8.3 This chapter assesses the potential for entry and/or expansion and Merger efficiencies to mitigate the loss of competitive constraint resulting from the Merger.

Entry and expansion

- 8.4 We considered the Parties' submissions in respect of the entry or expansion of rivals in the supply of plant bread, pancakes, soda farls and potato farls in NI irrespective of the Merger as part of the competitive assessment (see Chapter 7). The CMA will also consider potential entry and/or expansion by rivals in direct response to the merger as a countervailing measure that could prevent an SLC.¹¹³⁵

Parties' submissions

- 8.5 In relation to whether there would be entry or expansion triggered by the Merger, the Parties submitted that the Merger is not expected to give rise to any specific entry or expansion in relation to plant bread or other bakery products.¹¹³⁶ Nevertheless, the Parties made a number of submissions in relation to barriers to entry and expansion more generally, which are set out further below.

Plant bread in NI

- 8.6 As part of the phase 1 investigation, the Parties submitted that the plant bread sector has been in continuous decline over the last 20 years and the financial state of the industry is such that no new expansion or entry is expected.¹¹³⁷ However, the Parties also submitted that Warburtons recently launched a number of products in NI, with the Parties anticipating that Warburtons will continue to seek to expand its business in Ireland.¹¹³⁸
- 8.7 During the phase 2 investigation, the Parties made additional submissions regarding entry and expansion in NI. The Parties submitted that major ROI

¹¹³⁵ [CMA129](#), paragraph 8.28.

¹¹³⁶ FMN, paragraph 21.2.

¹¹³⁷ FMN, paragraph 20.1. This submission is understood to apply to plant bread in GB and NI.

¹¹³⁸ FMN, paragraph 20.2.2.

suppliers are readily able to increase supplies into NI, with low barriers to entry and expansion due to the limited distance and ease of access to consumers given the higher population density in NI.¹¹³⁹ The Parties also submitted that the prominence of the convenience store channel and the ‘van sales’ distribution model allow smaller regional bakeries to gain access to shelf space and compete effectively.¹¹⁴⁰

Morning goods in NI

8.8 The Parties submitted that barriers to entry in the supply of morning goods in NI are low, and that the prominence of the convenience store channel and the ‘van sales’ distribution model enable smaller regional bakeries to gain access to shelf space and compete effectively.¹¹⁴¹ The Parties also submitted that Warburtons has recently launched products, including morning goods, in NI through Tesco, and the Parties believe Warburtons is looking to expand its operations to other customers in NI.¹¹⁴²

8.9 In relation to specific morning goods in NI:

- (a) **Pancakes in NI.** The Parties submitted that barriers to entry are low. Pancakes can be produced with a small, semi-industrial static hotplate set up. The ease of production is attested by the sheer number of smaller regional bakeries in NI. Alternatively, pancakes can be produced on a ‘multi-line’ which enables the manufacturer to produce a number of different batter-based products interchangeably.¹¹⁴³
- (b) **Potato farls in NI.** The Parties submitted that barriers to entry are low. Soda and potato farls hotplate lines require a hotplate which can be used interchangeably for both products, and it is easy to switch between them, such that any baker already manufacturing soda farls could easily start producing potato farls. Like pancakes, soda and potato farls can be produced with a small, semi-industrial static hotplate set up. The ease of production is attested by the sheer number of smaller regional bakeries in NI.¹¹⁴⁴
- (c) **Soda farls in NI.** For soda farls, the Parties submitted the same points as for potato farls above. Specifically, that barriers to entry are low, hotplate lines

¹¹³⁹ [Parties’ response to the ‘Areas of focus’ document](#), 29 January 2026, paragraph 2.29.

¹¹⁴⁰ [Parties’ response to the ‘Areas of focus’ document](#), 29 January 2026, paragraph 2.30.

¹¹⁴¹ [Parties’ response to the ‘Areas of focus’ document](#), 29 January 2026, paragraphs 2.31-2.32.

¹¹⁴² FMN, paragraph 62.

¹¹⁴³ Parties’ response to the CMA RFI dated 14 January 2026, paragraph 8.52; and [Parties’ response to the ‘Areas of focus’ document](#), 29 January 2026, paragraph 6.16.

¹¹⁴⁴ Parties’ response to the CMA RFI dated 14 January 2026, paragraphs 8.74-8.76; and [Parties’ response to the ‘Areas of focus’ document](#), 29 January 2026, paragraph 6.21.

can be easily switched between soda and potato farls, and soda farls can be produced on a small, semi-industrial static hotplate.¹¹⁴⁵

Our assessment

- 8.10 In line with the MAGs,¹¹⁴⁶ we have used the following framework to determine whether entry or expansion would prevent an SLC. The entry or expansion must be: (i) timely; (ii) likely; and (iii) sufficient to prevent an SLC. These conditions are cumulative.
- 8.11 In considering whether any potential rivals will enter or existing rivals will expand in response to a merger, the CMA must be satisfied that the rivals will have both the ability and incentive to do so.¹¹⁴⁷ As part of the assessment, the CMA will therefore consider the scale of any barriers to entry and/or expansion. In a market characterised by low barriers to entry and/or expansion, potential entrants may nevertheless be discouraged from entering by the small size of the available market (for example because the market itself is small or declining).¹¹⁴⁸
- 8.12 We consider that there may be some scope for alternative suppliers to expand their supply of plant bread, pancakes, potato farls and soda farls in NI. In particular, existing ROI suppliers may benefit from a degree of brand recognition, as well as an ability to leverage their existing distribution networks (especially near the NI border), and small local bakeries do collectively account for a significant proportion of sales volumes (particularly in potato and soda farls).¹¹⁴⁹
- 8.13 However, for the reasons set out below, we consider that the barriers to entry and/or expansion and the limited incentives for rivals to enter and/or expand means that any entry and/or expansion would not be timely, likely and sufficient to prevent an SLC from arising as a result of the Merger in these markets in NI.

Plant bread in NI

- 8.14 As set out in Chapters 4 and 7, we consider there are barriers to entry and/or expansion which may limit the ability of rivals to enter or expand in the market for plant bread in NI:
- (a) Evidence indicates that brand recognition is important, with end consumers of plant bread in NI exhibiting a high degree of brand loyalty.

¹¹⁴⁵ Parties' response to the CMA RFI dated 14 January 2026, paragraphs 8.74-8.76; and [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraph 6.19.

¹¹⁴⁶ [CMA129](#), paragraphs 8.31-8.32.

¹¹⁴⁷ [CMA129](#), paragraph 8.35.

¹¹⁴⁸ [CMA129](#), paragraph 8.35.

¹¹⁴⁹ See Table B.8 and Table B.9 in Appendix B where smaller suppliers captured within the 'Others' category have more than a [20-30]% share of supply of potato farls and soda farls.

- (b) While suppliers are able to use the ‘van sales’ model to get their product to customers’ stores in NI, we consider that setting up or expanding a distribution network still represents a material barrier to entry due to the economics around delivery of the product. Distribution beyond the local area in which the product is manufactured may not be cost-effective for small-scale producers due to low-volume constraints.¹¹⁵⁰ Several customers indicated that the more limited distribution capabilities of competitors relative to the Parties was a weakness when considering their suitability as alternatives.¹¹⁵¹
- (c) In relation to private label supply, some third-party evidence indicates that manufacturers need to obtain site level approval in order to supply private label products to GM customers.¹¹⁵²
- (d) GMs in NI tend to use UK wide planograms that map out the products they will offer across their stores and their choice of suppliers. The majority of GMs’ stores are based in GB and so procurement decisions in NI are significantly influenced by the procurement decisions made in GB, creating a barrier for ROI and NI based suppliers. While it is possible that GMs may adapt their approach post-Merger and more proactively engage with non-GB based suppliers, we consider that these UK wide planograms may continue to act as a barrier to entry and/or expansion for non-GB based suppliers.

8.15 The evidence set out in Chapter 6 also shows that rivals may have limited incentives to enter and/or expand in response to the Merger, as the market is:

- (a) characterised by high fixed costs and economies of scale;
- (b) relatively small in size, with low supplier margins (particularly for some products, such as private label);¹¹⁵³ and
- (c) in structural decline, such that there may be very limited incentive for rivals to increase the level of available capacity beyond existing levels.

8.16 We have also considered the Parties’ submissions that the prominence of the convenience channel and the presence of the ‘van sales’ distribution model reduce

¹¹⁵⁰ One customer told us that small bakeries can only distribute within a 20-30 mile area and are unable to supply bread six days a week into the number of stores that it has and for morning goods this would only be possible at a premium price point (Third-party call note). We also note that in February 2026 it was announced that Brennans and Genesis Bakery have entered into a distribution partnership, with Brennans reportedly indicating that the partnership will strengthen their ability to serve retailers across NI more effectively (see: Insider Media, ‘[Genesis Bakery unites with Brennans in distribution partnership](#)’, 10 February 2026 (last accessed on 24 March 2026)).

¹¹⁵¹ See Chapter 7 for more details. Third-party call note; and Third-party responses to the CMA questionnaire dated 23 January 2026.

¹¹⁵² For example, Third-party response to the CMA questionnaire dated 23 January 2026.

¹¹⁵³ For example, one competitor told us that it had historically supplied private label products but it shifted away from private label because it was hard to control profitability (Third-party call note).

barriers to entry and/or expansion for local bakeries. We note that the barriers to entry and/or expansion set out above would still apply to local bakeries.

- 8.17 We note that GMs¹¹⁵⁴ and other larger retailers would typically not consider local bakeries to be a suitable supply option because:
- (a) these retailers tend to have a preference for suppliers which have a strong track record, can supply at scale, have competitive prices and offer a broader product range;
 - (b) One customer also told us that local bakeries are typically not considered to be viable private-label suppliers as they do not hold the necessary accreditations;¹¹⁵⁵ and
 - (c) GMs typically use UK planograms which favour GB based suppliers.
- 8.18 Local bakeries may gain more traction in supplying convenience stores but the extent to which they can expand is limited by their lack of scale and inability to distribute profitably over a wider area as set out above.¹¹⁵⁶ Accordingly, we consider that such entry and/or expansion, if it were to occur, is unlikely to be sufficient to prevent an SLC.
- 8.19 Based on the above, we consider that the barriers to entry and/or expansion and the limited incentives for rivals to enter and/or expand means that any entry and/or expansion would not be timely, likely and sufficient to prevent an SLC from arising as a result of the Merger in the market for plant bread in NI.

Pancakes, potato farls and soda farls in NI

- 8.20 We consider that the factors set out above on barriers to entry and expansion for plant bread also apply for pancakes, potato farls and soda farls. Although we note the following:
- (a) the size of the markets for pancakes, potato and soda farls in NI are significantly smaller¹¹⁵⁷ but, in general, there may be higher margins and more potential for growth in morning goods products relative to the very low margins and structural decline seen in plant bread;¹¹⁵⁸

¹¹⁵⁴ As set out in Chapter 4 above, GMs account for the majority of retail sales in NI.

¹¹⁵⁵ Third-party call note.

¹¹⁵⁶ One competitor told us that these bakeries have limited capacity and will only serve around ten convenience stores in their local area (Third-party call note).

¹¹⁵⁷ The Parties estimate the size of the pancakes, soda farls and potato farls markets in NI to be c.£[~~XX~~] million, c.£[~~XX~~] million and c.£[~~XX~~] million respectively ([Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 6.16, 6.18 and 6.20).

¹¹⁵⁸ For example, one customer told us that higher margins in morning goods make them more attractive for manufacturers and retailers (Third-party call note).

- (b) pancakes, potato and soda farls may have a longer shelf life than plant bread products but as set out in Chapter 4, this shelf life is still relatively short, and customers indicated that the ability of a supplier to offer direct to store distribution was also important for these products; and
- (c) as set out in Chapter 7, there is evidence that alternative suppliers may have some spare production capacity to make pancakes, potato farls and soda farls.¹¹⁵⁹

8.21 Additional evidence specifically for pancakes, potato farls and soda farls further demonstrates the limited ability and incentive for rivals to enter and/or expand in response to the Merger:

- (a) In relation to pancakes, Warburtons confirmed that it does not currently supply pancakes in NI¹¹⁶⁰ and believes it would be difficult to establish the Warburtons brand in a market where ABF and Hovis have such established brands.¹¹⁶¹
- (b) In relation to potato farls and soda farls, [§<]. Instead Warburtons' strategy is to explore areas where it considers there to be market opportunity without pre-existing products so that it can establish brand equity.¹¹⁶²
- (c) While some GM customers in NI import pancakes from GB, the extent to which this occurs is limited. Customers that use suppliers that manufacture products in GB have identified this as a weakness, noting challenges around the product's shelf life.¹¹⁶³
- (d) ROI producers are unlikely to expand into the supply of these products. A competitor explained that ROI producers typically do not produce these products¹¹⁶⁴ made on a hotplate because soda and potato farls are not part of the culinary tradition in ROI and most of the pancakes in ROI are supplied by NI companies.¹¹⁶⁵

8.22 We note that the Parties use industrial production equipment which produces pancakes, potato farls and soda farls at scale (moving production lines and a conveyer flow wrapper).¹¹⁶⁶ While the Parties submitted that smaller regional

¹¹⁵⁹ One supplier in particular told us that it has spare capacity on its production lines for pancakes, potato farls and soda farls (Third-party call note). However, a customer also indicated that capacity was a weakness for that supplier (Third-party call note).

¹¹⁶⁰ Warburtons does supply pancakes in GB.

¹¹⁶¹ Third party call note.

¹¹⁶² Third-party call note.

¹¹⁶³ Third-party responses to the CMA questionnaire dated 23 January 2026.

¹¹⁶⁴ The competitor told us that one ROI baker had recently installed a second-hand travelling pancake plate to service ROI customers. However, it noted that the pricing structures in NI are unattractive for ROI pancakes (Third-party response to the CMA RFI dated 6 February 2026).

¹¹⁶⁵ Third-party call note.

¹¹⁶⁶ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.48.

bakeries can enter and/or expand by using a much smaller, semi-industrial static hotplate set up,¹¹⁶⁷ as set out in Chapter 7, this approach is likely to impact the scale and costs of production at which smaller suppliers can operate. For example, one customer told us that without a moving production line, smaller pancake producers would struggle to supply the volume and consistency of product required.¹¹⁶⁸ A competitor explained that baking these products on a standard hot plate is a much more labour-intensive process. This competitor noted that pancakes can be produced at low cost and with limited baking time and it is not uncommon for some local bakers to produce potato and soda farls. However, plant bakeries can produce these products much more cheaply than local bakers who would struggle to sell them at a premium price and would typically be selling them in their own shop and not in third-party convenience stores.¹¹⁶⁹ Accordingly, we consider that even if local bakeries were to enter and/or expand in response to the Merger, such entry and/or expansion is unlikely to be sufficient to prevent an SLC.

- 8.23 Based on the above, we consider that the barriers to entry and/or expansion and the limited incentives for rivals to enter and/or expand mean that any entry and/or expansion would not be timely, likely and sufficient to prevent an SLC from arising as a result of the Merger in the markets for pancakes, potato farls and soda farls in NI.

Efficiencies

- 8.24 Mergers can give rise to efficiencies. Examples of efficiencies might include cost savings; the elimination of double marginalisation through vertical integration; greater innovation or quality arising from the combination of unique assets; or better meeting customers' needs by enabling the integration or interoperability of complementary products.¹¹⁷⁰
- 8.25 Cost and revenue synergies often form part of the rationale for mergers, and it is not uncommon for firms to make efficiency claims in merger proceedings.¹¹⁷¹ Most of the information relating to efficiencies, such as synergies and cost reductions resulting from a merger, is held by the merger firms.¹¹⁷² Accordingly, our guidance notes that it is for the merger firms to demonstrate that the merger will result in efficiencies.¹¹⁷³

¹¹⁶⁷ Parties' response to the CMA RFI dated 14 January 2026, paragraph 8.52.

¹¹⁶⁸ Third-party call note.

¹¹⁶⁹ Third-party call note.

¹¹⁷⁰ [CMA129](#), paragraph 8.2.

¹¹⁷¹ [CMA129](#), paragraph 8.6.

¹¹⁷² [CMA129](#), paragraph 8.7.

¹¹⁷³ [CMA129](#), paragraph 8.15.

- 8.26 Merger firms who wish to make efficiency claims are encouraged to provide verifiable evidence to support their claims in line with the CMA's framework.¹¹⁷⁴ In particular, efficiencies must (i) enhance rivalry; (ii) be timely, likely and sufficient to prevent an SLC from arising; (iii) be merger-specific; and (iv) benefit customers in the UK.¹¹⁷⁵
- 8.27 As set out in Chapter 6, the Parties have submitted that the Merger will give rise to a number of synergies and cost savings, [REDACTED].¹¹⁷⁶ The Parties submitted that the Merger will enable the combined business to be able to invest in innovation, new product launches and [REDACTED]. They also submitted that the Merger would enable the combined business to invest in [REDACTED].¹¹⁷⁷
- 8.28 We note that the manufacturing and logistics synergies identified by the Parties [REDACTED]. Further, the Parties have not submitted that any efficiencies arising from the Merger would prevent or mitigate the SLCs in NI specifically, and they have not provided evidence to support their efficiency claims in line with the CMA's framework.
- 8.29 In light of the above, we do not consider that any efficiencies arising from the Merger would prevent an SLC arising in the markets for plant bread, pancakes, potato farls and soda farls in NI.

¹¹⁷⁴ [CMA129](#), paragraph 8.7.

¹¹⁷⁵ [CMA129](#), paragraph 8.8.

¹¹⁷⁶ [Parties' response to the 'Areas of focus' document](#), 29 January 2026, paragraphs 3.38-3.48.

¹¹⁷⁷ FMN, paragraph 23.3.1-23.3.2.

9. PROVISIONAL CONCLUSIONS

- 9.1 As a result of our assessment, and based on the evidence that is set out above and in the appendices to this Interim Report, we have provisionally concluded that:
- (a) the anticipated acquisition of Hovis by ABF, if carried into effect, will result in the creation of an RMS; and
 - (b) the creation of that RMS may be expected to result in an SLC in the supply of each of plant bread, pancakes, potato farls and soda farls in NI but may not be expected to result in an SLC in the supply of plant bread or other plant bakery products in GB.

10. NEXT STEPS

- 10.1 This is not our final decision on the statutory questions, 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**. We will consider submissions received in response to this Interim Report, along with any further evidence received following the Interim Report, and whether our provisional assessment should be altered in the light of these.
- 10.2 We will consider possible remedies to address the provisional SLC identified in parallel with any submissions received in response to this Interim Report. The Parties are required to confirm to the CMA whether they intend to submit a completed [Phase 2 Remedies Form](#) (**Remedies Form**) within three working days of notification of this Interim Report.
- 10.3 In order to propose possible remedies for the Inquiry Group's consideration, the Parties are required to submit a Remedies Form by **no later than 5pm on Thursday 9 April 2026**. Following submission by the Parties of the Remedies Form (or confirmation by the Parties that they do not intend to submit such a form), we will publish an Invitation to Comment on Remedies in order to consult on possible action to remedy, mitigate or prevent the SLC and the resulting adverse effects provisionally identified. (For more information on the phase 2 remedy process, see chapter 13 of [CMA2](#).)