

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

## Invitation to comment on remedies under Rule 12 of the CMA's rules of procedure for merger, market and special reference groups<sup>1</sup>

### Introduction

1. This consultation seeks the views of interested parties on possible remedies to address the substantial lessening of competition (**SLC**) and resulting adverse effects we have provisionally identified regarding the anticipated acquisition of Hovis Group Limited (**Hovis**) by Associated British Foods plc (**ABF**) (the **Merger**), including:
  - (a) A divestment of Allied Bakeries Northern Ireland (the **AB Northern Ireland Divestment Remedy**), a business unit within Allied Bakeries, which is itself a business unit within ABF Grain Products Limited; and
  - (b) Prohibition of the Merger (**Prohibition**).
2. On 8 January 2026, the Competition and Markets Authority (**CMA**), pursuant to sections [33\(1A\)](#) and [34ZF](#) of the Enterprise Act 2002 (the **Act**), referred the Merger for further investigation and report by a group of CMA panel members (the **Inquiry Group**).<sup>2</sup> ABF and Hovis are together referred to as the **Parties** and, for statements referring to the future, the **Merged Entity**.
3. In its interim report on the reference notified to the Parties on 26 March 2026 (the **Interim Report**), we provisionally concluded that the Merger, if implemented, will result in the creation of a relevant merger situation and that this situation may be expected to result in an SLC in the supply of bread and certain other bakery products in Northern Ireland (**NI**). We provisionally found that the Merger may not be expected to result in an SLC in Great Britain (**GB**).<sup>3</sup>
4. We provisionally concluded that the Merger, by removing the constraint that ABF and Hovis exert on each other, may be expected to result in an SLC in NI, with the constraints from alternative suppliers being insufficient to offset

<sup>1</sup> [CMA rules of procedure for Merger, Market and Special Reference Groups \(CMA17\)](#), 2 January 2025.

<sup>2</sup> Under [Schedule 4](#) to the Enterprise and Regulatory Reform Act 2013.

<sup>3</sup> CMA, [Interim Report](#), 26 March 2026.

the loss of competition resulting from the Merger, thereby enabling the Merged Entity to increase prices or degrade non-price aspects of its offering to customers in plant bread, pancakes, soda farls and potato farls.

5. This invitation to comment on remedies sets out and consults on the actions which the CMA might take for the purpose of remedying the SLC and/or any resulting adverse effects provisionally identified in the Interim Report.<sup>4</sup>
6. We invite comments from the Parties and third parties on possible remedies (see, in particular, paragraphs 21 and 22) **by no later than 17:00 on Friday 17 April 2026**. We will give consideration to the effectiveness and proportionality of different remedy options, as well as any impact on relevant customer benefits (**RCBs**).

### **CMA criteria for remedies**

7. In deciding on a remedy, the CMA shall in particular have regard to the need to achieve as comprehensive a solution as is reasonable and practicable to remedy the SLC and any adverse effects resulting from it.<sup>5</sup>
8. To this end, the CMA will seek remedies that are effective in addressing the SLC and its resulting adverse effects and will select the least costly and intrusive remedy that it considers to be effective.<sup>6</sup>
9. The CMA will seek to ensure that no remedy is disproportionate in relation to the SLC and its adverse effects.<sup>7</sup>

### **Possible remedies on which views are sought**

10. We have identified the following possible remedies:
  - (a) ABF's proposal, or a variant of this, which we refer to as the **AB Northern Ireland Divestment Remedy**. This is described in paragraph 1(a) above and, in more detail, in paragraph 15 below; and
  - (b) prohibition of the Merger (**Prohibition**).
11. We have not yet reached any view on the effectiveness of either of these possible remedies in addressing the provisional SLC and resulting adverse effects.
12. In defining the scope of a divestiture package that will address any SLC, the CMA will normally seek to identify the smallest viable, standalone business

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<sup>4</sup> See [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), 19 December 2025, paragraphs 13.10-13.13. CMA, [Interim Report](#), 26 March 2026.

<sup>5</sup> [Section 36\(3\)](#) of the Act. [Merger remedies \(CMA87\)](#), 19 December 2025, paragraph 3.4.

<sup>6</sup> [CMA87](#), paragraph 3.5(b).

<sup>7</sup> [CMA87](#), paragraph 3.5(b).

that can compete successfully on an ongoing basis and that includes all the relevant operations pertinent to the area of competitive overlap.<sup>8</sup>

13. In determining an appropriate remedy, the CMA will consider the extent to which different remedy options would be effective in remedying, mitigating or preventing the SLC or any resulting adverse effects that have been provisionally identified.
14. The CMA will also consider whether a combination of measures is required to achieve a comprehensive solution – for example whether any behavioural remedies would be required in a supporting role to safeguard the effectiveness of any structural remedies.<sup>9</sup> The CMA will evaluate the impact of any such combination of measures on the provisional SLC or any resulting adverse effects.<sup>10</sup>

### ***ABF's remedy proposal – AB Northern Ireland Divestment Remedy***

15. Without prejudice to the Parties' position that they disagree with the provisional SLC identified in the Interim Report, and without prejudice to any representations the Parties may make on the CMA's provisional findings as set out in the Interim Report, ABF has proposed a remedy which it submits would address the SLC provisionally identified in the Interim Report.
16. ABF has prepared a non-confidential summary of its remedy proposal to divest ABF's business in NI. ABF has also noted that, in parallel to the CMA's review of ABF's anticipated acquisition of Hovis, ABF has been undertaking a sales process for the Northern Irish operations of Allied Bakeries. This sales process is ongoing, and ABF has put forward a remedy proposal whereby it would divest that business to a suitable purchaser approved by the CMA.
17. A full replication of the scope of this is set out below.

*The scope of the Divestment Business would include:*

- (a) *the right to use all freehold and leasehold properties used for AB NI's operations, including its bakery in Belfast and two depots in Coleraine and Dungannon (together, the 'AB NI Sites');*
- (b) *all (i) plant and equipment; (ii) fixtures and fittings; and (iii) motor vehicles used at the AB NI Sites, including manufacturing production lines currently used to make plant bread, pancakes, soda farls and potato farls;*

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<sup>8</sup> CMA87, paragraph 6.14.

<sup>9</sup> See paragraph 5.4 onwards of CMA87, for an explanation of the different types of remedy and the distinction between structural and behavioural remedies.

<sup>10</sup> See CMA87, paragraph 3.6.

- (c) *inventory at the AB NI Sites (including raw materials, packaging and finished goods);*
- (d) *all employees working at the AB NI Sites, including the AB NI sales team which hold and manage NI customer relationships;*
- (e) *existing third party supply agreements that relate specifically to AB NI, where possible; and*
- (f) *the right to use the Kingsmill and Sunblest brands on the island of Ireland (ie in NI and the Republic of Ireland), if required by the purchaser.*

*AB NI currently receives some back-office support from Allied Bakeries' operations in GB and the wider ABF Group (for example in relation to IT, HR and finance). ABF will enter into a transitional services agreement to provide such services for an appropriate period, as required by the purchaser of AB NI.*

*Similarly, ABF will enter into transitional supply arrangements to provide such supplies as may be required by the purchaser from ABF on a transitional basis, for example in relation to raw materials or other inputs.*

18. We will consider all submissions made in relation to the potential effectiveness of this possible remedy, including on whether it should be varied (eg to include additional assets of either the ABF or Hovis businesses).

### **Prohibition**

19. To the extent that the ABF Northern Ireland Divestment Remedy (or a variant of this remedy) is insufficient to address the SLC we have provisionally identified, we will consider whether prohibition of the Merger or an alternative remedy option would be effective.
20. We invite views on the potential effectiveness of Prohibition.

### **Consultation on possible remedies**

21. In evaluating any divestiture – including ABF's remedy proposal or a variant of it – the CMA will consider and invites views on whether it will be effective in addressing the SLC and resulting adverse effects provisionally identified in the Interim Report and, more specifically:
  - (a) whether the divestiture satisfactorily addresses the SLC and any resulting adverse effects we have provisionally identified; and if not, the extent to which the divestiture should be modified to ensure that it does so; and

- (b) the key risks associated with the divestiture that could undermine its effectiveness in addressing the provisional SLC and any resulting adverse effects and how these risks can be effectively mitigated.
22. In reaching its view on 21(a) and 21(b) above, the CMA will have regard to the following critical elements of the design of divestiture remedies:
- (a) The scope of the divestiture package (ie which assets and staff need to be included in the divestiture remedy and why).
- (b) The identity and availability of a suitable purchaser (ie one that is independent of the Parties, is capable of competing, is committed to competing in the relevant markets, and which does not create its own competition concerns).<sup>11</sup> The CMA will be particularly interested in whether there are any specific factors to which the CMA should pay particular regard in assessing purchaser suitability, such as:
- (i) Experience in supplying plant bread, pancakes, soda farls and potato farls to customers.
- (ii) Scale (in terms of staff numbers, financial resources, and existing contracts or revenue in the same (or adjacent) industries).

### **Cost of remedies and proportionality**

23. In order to be reasonable and proportionate, the CMA will seek to select the least costly remedy, or package of remedies, that it considers will be effective. The CMA will also seek to ensure that no remedy is disproportionate in relation to the SLC and its adverse effects.<sup>12</sup> The CMA will not normally take account of costs or losses that will be incurred by the merger parties as a result of a divestiture remedy.<sup>13</sup>
24. We invite views on what costs are likely to arise in implementing each remedy option.

### **Relevant customer benefits**

25. In deciding the question of remedies, the CMA may have regard to the effects of any remedial action on any relevant customer benefits (**RCBs**) in relation to the creation of the relevant merger situation.<sup>14</sup>

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<sup>11</sup> [CMA87](#), paragraphs 6.28-6.29.

<sup>12</sup> [CMA87](#), paragraph 3.5.

<sup>13</sup> [CMA87](#), paragraphs 3.17.

<sup>14</sup> [Section 36\(4\)](#) of the Act. See also [CMA87](#), paragraph 3.32.

26. RCBs are limited by the Act to benefits to relevant customers<sup>15</sup> in the form of:
- (a) 'lower prices, higher quality or greater choice of goods or services in any market in the United Kingdom [...]; or
  - (b) greater innovation in relation to such goods or services'.<sup>16</sup>
27. The Act provides that a benefit is only an RCB if:
- (a) it may be expected to accrue within a reasonable period as a result of the creation of the relevant merger situation; and
  - (b) it is unlikely to accrue without the creation of that situation or a similar lessening of competition.<sup>17</sup>
28. We welcome views on the nature of any RCBs and on the scale and likelihood of such benefits and the extent (if any) to which these are affected by the different remedy options we are considering.

### Next steps

29. Interested parties are requested to provide any views (in particular on the questions presented in paragraphs 21 and 22) in writing, including any practical alternative remedies they wish the CMA to consider, **by no later than 17:00 on Friday 17 April 2026**. Comments should be provided by email to [ABFGrainProducts.Hovis@cma.gov.uk](mailto:ABFGrainProducts.Hovis@cma.gov.uk).
30. A copy of this invitation to comment on remedies will be posted on the [CMA case page](#).

Cyrus Mehta  
Group Chair  
10 April 2026

### Note:

- (i) This invitation to comment on remedies to remedy, mitigate or prevent the SLC or any resulting adverse effects is made having regard to the Interim Report announced on 26 March 2026. Interested parties have until 17:00 on Thursday 16 April 2026 to respond to the Interim Report. The CMA's findings may alter in response to comments it receives on its Interim Report, in which case the CMA may consider other possible remedies, if appropriate.

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<sup>15</sup> For these purposes, relevant customers are direct and indirect customers (including future customers) of the merger parties at any point in the chain of production and distribution; they are therefore not limited to final consumers (section 30(4) of the Act; see also CMA87, paragraph 3.28).

<sup>16</sup> Section 30(1)(a) of the Act, see also CMA87, paragraph 3.27.

<sup>17</sup> Section 30(3) of the Act, see also CMA87, paragraph 3.29.