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M.7930 - ABP GROUP / FANE VALLEY GROUP / SLANEY FOODS

SECTION 1.2

Description of the concentration

1. Fane Valley Co-Operative Society Limited (Fane Valley) currently holds a 50% interest in the Slaney JV (through Linden Foods Limited (Linden) and Slabridge Holdings Ltd). The remaining principal shareholders of the Slaney JV (the Allen Family) are currently proposing to sell their respective interests in the Slaney JV to Fane Valley and Fane Valley would immediately sell a jointly controlling 50% interest to ABP Food Group (ABP).
2. Fane Valley is a farmer-owned co-operative. Fane Valley has four business divisions: Fane Valley Feeds, Fane Valley Stores, Fane Valley Red Meat Division and Fane Valley Food Division. Fane Valley controls Linden.
3. ABP and its subsidiaries are active in meat processing, supplying a range of chilled, frozen and other meat products to retail, wholesale and foodservices markets in Europe and worldwide. ABP is also active in petfood, renewable energy and proteins.
4. The Slaney JV is based in Bunclody, Co Wexford, Republic of Ireland (ROI) and incorporates Slaney Foods International (the beef business, located in Bunclody, Co. Wexford, ROI) (SFI) and Irish Country Meats (the sheep meat business, with operating sites located in Camolin, Co. Wexford (ROI), Navan, Co. Meath (ROI) and Liège in Belgium) (ICM).
5. Slaney Proteins operates a very small Category 3 rendering facility which primarily processes Category 3 material generated by ICM and SFI. It is not a market facing entity.
6. Slaney Proteins sits outside Fane Valley and ABP. The acquisition of the business and the assets of Slaney Proteins is conditional on and simultaneous with the acquisition of joint control of the Slaney JV.
7. The Transaction is an acquisition by ABP of joint control of the Slaney JV with Fane Valley, for the purposes of the Merger Regulation.
8. The strategic rationale of the Proposed Transaction stems fundamentally from the prevailing international market conditions and the opportunities for growth for the Slaney JV. ABP and Fane Valley strongly believe that the intensely competitive conditions on international meat markets mean that a much more effective and better resourced business in Ireland is needed to compete on such international markets. ABP and Fane Valley believe that the most effective way to grow their international presence, increase competitiveness on these markets and generate synergies is through the Slaney JV, by bringing together the Slaney JV businesses and the expertise, resources, reach and presence of the parent companies.

9. While ABP and the Slaney JV overlap on the island of Ireland for the purchase of bovine and ovine animals, the strategic emphasis of the Proposed Transaction is on the downstream markets for the sale of fresh beef and lamb/sheep meat which are primarily international export markets.
10. The strategic and economic rationale for the concentration does not relate to Ireland (a market where the price paid for cattle is above the EU average) but is focused on the potential of the Proposed Transaction to generate growth for the businesses of ABP and Fane Valley through the Slaney JV on international markets.
11. The rationale for the Proposed Transaction therefore stems largely from the prevailing market conditions and a desire to better position the Slaney JV to avail of opportunities for growth on international markets. It is also evident that customers increasingly wish to develop partnerships with processors who manage a more integrated supply chain. Achieving these objectives is vital to the long term success of the Slaney JV business and ensuring that the supply chain delivers sustainable returns to primary producers. ABP, with its international sales footprint, is an ideal strategic fit to combine the expertise, resources, reach and presence of ABP and Fane Valley through the Slaney JV to compete successfully in that context.