

MEDIA RELEASE



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Woolworths' proposed acquisition of Beak & Johnston not opposed

The ACCC will not oppose Woolworths Group Limited's (ASX:WOW) proposed acquisition of Beak & Johnston Holdings Pty Ltd (B&J).

Woolworths currently holds a minority 23 per cent interest in B&J City Kitchen Pty Ltd, a subsidiary of B&J which manufactures ready meals and pastries for wholesale and retail sale. The proposed acquisition will result in Woolworths ultimately owning 100 per cent of B&J's subsidiaries, including Beak & Johnston NZ Pty Ltd. The New Zealand Commerce Commission (NZCC) is also considering a clearance application from Woolworths for its proposed acquisition of B&J.

The ACCC considered whether rival ready meal producers to B&J could continue to maintain competitively effective operations even if Woolworths only stocked or otherwise advantaged B&J's products.

"Our investigation found that while Woolworths has significant bargaining power in its dealings with ready meal suppliers, in this case it was unlikely the acquisition would have a substantial anti-competitive effect," ACCC Commissioner Dr Philip Williams said.

"Rival suppliers of ready meals will continue to have access to other supermarkets and convenience stores. Ready meal suppliers can also distribute through other channels, such as food service wholesaling and direct-to-consumer models."

The ACCC also investigated whether Woolworths would have the incentive to prevent the supply of B&J products to rival retailers and any associated impact on competition.

The review found that there are a number of large competing suppliers of ready meals with similar scale and capabilities to B&J, including some that do not currently supply to Woolworths. There are also several smaller suppliers offering high quality products for niche product segments.

"Rival retailers will continue to have options for sourcing quality ready meals to suit a variety of consumer preferences," Dr Williams said.

"Ultimately, we did not find that the proposed acquisition is likely to substantially lessen competition in any market."

More information can be found on the ACCC's website at [Woolworths-Beak & Johnston](#).

Background

Woolworths is Australia's largest grocery retailer that primarily operates supermarkets, within which it sells chilled and frozen ready meals among other products.

B&J is a manufacturer of chilled ready meals and pastries and a small amount of frozen ready meals. B&J supplies these products through supermarkets, petrol and convenience stores, as well as food service wholesaling, such as airlines.

A separate B&J subsidiary, Beak & Johnston Pty Ltd, which primarily manufactures sauces, soups and slow-cooked meats at its Greenacre, NSW facility, will be excluded from the transaction perimeter and will operate as an independent business post-acquisition.

The NZCC is also considering a clearance application related to Woolworths' proposed acquisition of B&J.

The B&J brands that will be included in the proposed acquisition include:

- Strength Meals Co: Chilled and frozen ready meals
- Simone Logue: Gourmet pies, pastries, and cakes
- Pitango: Soups and other meals
- Artisano: Soups, sauces, and other meals
- Pasta Master: Chilled lasagne and past-based ready meals.

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