The Autorité de la concurrence clears the takeover of Yoplait by Sodiaal (Candia, Entremont, Régilait…)

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Sodiaal cooperative group notified the Autorité de la concurrence on 3 September 2021, of its plan to acquire control of the Yoplait group (excluding US activities). After its review, the Autorité cleared the transaction without conditions.

Parties to the transaction

The Sodiaal group, whose turnover is 4.8 billion euros in 2020, is an agricultural cooperative in the dairy sector. Its main activity is the collection and purchase of the milk produced by its members and then the processing of this milk. In particular, it markets products under the Candia, Entremont, Nutribio and Régilait brands.

The Yoplait group specialises in the production of ultra-fresh dairy products (mainly yogurts, fresh and white cheeses, fresh dairy desserts, fresh cream and fermented milk) from its factories located in Isère, Sarthe and Yonne. It markets its products under the brands Yoplait, Panier de Yoplait, Yop, Petits filous, Perles de lait, Câlin and Petit Yoplait.

After careful investigation, the Autorité considers that the transaction is not likely to harm competition

The transaction only results in a limited overlap of activity in certain markets for the processing and marketing of dairy products (packaged creams and

fermented milk, intended for large-scale retail chains and players in out-of-home catering). The Autorité has ruled out any risk of harm to competition on these markets given the generally limited market shares of the new entity, the existence of strong competitors (such as Lactalis with Bridel, Laïta with Paysan Breton), and the counter-power of buyers when it comes to mass distribution sales.

The transaction also results in the creation of conglomerate links[1] between the product lines and the respective brand portfolios of Sodiaal and Yoplait. However, the Autorité has ruled out any risk of conglomerate effects. In particular, it concluded that the new entity will not have the capacity to foreclose these markets by imposing tied selling, in particular given the fact that it will continue to face the existence of strong competitors.

Finally, the transaction will create vertical links[2] between the pre-existing activities operated upstream by Sodiaal (including, in particular, its activities as a cow's milk collector) of the value chain and downstream by Yoplait. On the upstream markets for the collection of cow's milk and downstream for the processing and marketing of dairy products, the Autorité considered that the transaction was not likely to generate vertical effects. In particular, it ruled out the possibility of the foreclosure of Yoplait's competitors who now source cow's milk from Sodiaal, in particular given the fact that these supply relationships are framed by long-term contracts, that the new entity will continue to be required to continue to supply them with milk for several years and that it will still face the existence of major competing cow's milk collectors (such as Lactalis, Savencia and Agrial).

The Autorité therefore cleared this transaction without subjecting it to conditions.

> Full text of the transaction will soon be available on the Autorité's website

[1] *Conglomerate effects are likely to occur when the new entity expands or strengthens its presence in markets other than those in which it operates, but the connection of which may allow it to increase its market power.*

[2] *The vertical effects are studied when the transaction brings together actors present at different levels of the value chain. The Autorité is examining whether the transaction can allow the entity to oust competitors or penalise them by increasing costs.*

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