The Autorité de la concurrence clears the acquisition of Ovoteam by the LDC group

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Background

On 28 February 2023, the LDC group notified the *Autorité de la concurrence* of its plan to acquire the company Ovoteam. This follow the acquisition of the Matines business by the LDC group in October 2022. Because of the identity of the transferor and the transferee in both transactions and the time period of less than two years between them, the *Autorité* included the acquisition of the Matines business by the LDC group in the scope of its analysis.

After careful analysis of the acquisition, the *Autorité* found that the transaction was not likely to harm competition and cleared it unconditionally.

Parties to the transaction

The LDC group (hereinafter "LDC"), which generated €5bn in sales in 2021 [1], is an agro-industrial operator active at several stages of the value chain in the sectors of poultry, cereal, agri-food and delicatessen products. It sells poultry products, chicken and quail eggs, and delicatessen products to supermarkets, hypermarkets and out-of-home food services.

The company Ovoteam (hereinafter "Ovoteam") specialises in the production and marketing of egg products and processed egg-based products for the agri-food and out-of-home food services sectors.

The Matines business being sold is engaged in the marketing of chicken eggs under brands in the Matines portfolio, such as Matines and Mas d'Auge, to supermarkets and hypermarkets.

The *Autorité* did not identify any competition concerns likely to arise as a result of the transaction

The ***Autorité*** analysed the risk of horizontal effects on the newly defined upstream markets for the production and first-time marketing of chicken eggs, on which agro-industrial operators source chicken eggs from farmers, as well as on the markets for the marketing of chicken eggs and hard-boiled quail eggs, on which agro-industrial operators supply large-scale distributors and out-of-home food services. The ***Autorité*** ruled out any risk on these markets, considering in particular the organization of the future supply of chicken eggs to LDC, the counterweight capacity of the parties' clients and their competitors' disciplining power.

The ***Autorité*** also analysed the vertical effects [2] of the transaction, given the establishment of a link between Ovoteam's marketing of liquid egg and processed egg-based products and its manufacturing of delicatessen products.

Considering the strengthening of LDC in activities related to other activities of the group, such as the marketing of chicken eggs and egg products, the ***Autorité*** investigated the existence of potential conglomerate effects. After analysis, the ***Autorité*** considered that the group would not have the ability to exert leverage effects between these different activities, in particular given the counterweight capacity of its clients.

[1] For the period ended 28 February 2022.

[2] Vertical effects are analysed when the transaction brings actors present at different stages of the value chain together. The ***Autorité*** analyses whether the transaction can enable the entity to exclude its competitors or to penalise them via increased costs.

DECISION 23-DCC-60 OF 31 MARCH 2023

The full text of Decision 23-DCC-60 of 31 March 2023 on the acquisition of sole control of Ovoteam by the LDC group will be available on the Autorité de la concurrence's website soon.

See merger control decisions

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