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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

Valeo F4 Company Limited
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Ireland

Subject: **Case M.11725 – VALEO FOODS / IDC HOLDING**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 11 November 2024, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Valeo Foods F4 Company Limited ('Valeo Foods' or the 'Notifying Party') will acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of I.D.C. Holding, a.s. ('IDC Holding' or the 'Target') (the 'Transaction').[3] Valeo Foods and IDC Holding are designated hereinafter as the 'Parties'.

[1] OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.
[2] OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
[3] OJ C, C/2024/6997, 19.11.2024.

1. THE PARTIES

(2) **Valeo Foods**, headquartered in Ireland, is ultimately controlled by Bain Capital Investors, LLC ('Bain', USA). Valeo Foods manufactures and distributes a range of food products, including sugar and chocolate confectionery, sweet snacks, savoury snacks, sauces, spreads, and a variety of other ambient grocery products. Its product portfolio includes over 80 food brands which are sold across 90 countries globally, with most sales made in the United Kingdom and Ireland.

(3) **IDC Holding**, headquartered in Slovakia, is solely controlled by Finhold, s.r.o., which in turn is solely controlled by Mr Pavol Jakubec, a Slovak individual. It is a Slovak manufacturer and distributor of branded sweet snacks and confectionary products, including countlines, wafers, biscuits, sponge cakes & gingerbread, assorted candies and other sorts of chocolate and sugar confectionary products. It distributes the products in Slovakia, Czechia, Hungary and Poland as core jurisdictions where it has its own sales, marketing and logistics teams. The sales in these jurisdictions represent almost […]% of its worldwide turnover.

2. THE OPERATION AND CONCENTRATION

(4) Valeo Foods and IDC Holding entered into a Share Purchase Agreement on 2 August 2024, pursuant to which Valeo Foods will indirectly acquire shares representing 100% of the total voting rights of the Target.

(5) The Transaction therefore constitutes a concentration pursuant to Art. 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(6) The notified Transaction has a Union dimension pursuant to Article 1(3) of the Merger Regulation.

(a) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 2 500 million[4].

- Valeo Foods, including Bain: EUR […] million in 2023;
- IDC Holding: EUR 190 million in 2023.

(b) In each of at least three Member States, namely Poland, the Czech Republic and Slovakia, the combined aggregate turnover of all the undertakings concerned is more than EUR 100 million:

- Poland: EUR […] million in 2023;
- Czechia: EUR […] million in 2023;
- Slovakia: EUR […] million in 2023.

(c) In each of these three Member States, the aggregate turnover of all the undertakings concerned is more than EUR 25 million.

- Poland: Valeo Foods, including Bain: EUR […] million and IDC Holding: EUR […] million, both in 2023;

[4] Turnover calculated in accordance with Article 5 of the Merger Regulation.

– Czechia: Valeo Foods, including Bain: EUR […] million and IDC Holding: EUR […] million, both in 2023;

– Slovakia: Valeo Foods, including Bain: EUR […] million and IDC Holding: EUR […] million, both in 2023.

(7) They do not both achieve more than two-thirds of their aggregate Union-wide turnover within one and the same Member State. The notified operation therefore has a Union dimension.

4. MARKET DEFINITION

(8) The Parties are both active in the production and supply of sweet biscuits and confectionery products. The Transaction gives rise to horizontally affected markets only with respect to the production and supply of wafer biscuits in Slovakia and Czechia.

4.1. Product market definition

4.1.1. The Commission's decisional practice

(9) The Commission previously considered that biscuits were a distinct product market from other sweet snacks, while ultimately leaving the question open.[5] The Commission considered a further segmentation of the biscuit market into (i) sweet and (ii) savoury biscuits.[6] In a recent case *M.10543 - Biscuit Holding / Continental Bakeries*, the Commission considered, while ultimately leaving the question open, within the market for sweet biscuits, a distinction (i) between branded and private label products, (ii) between biscuits sold through retail selling channel and food service selling channel and, finally, (iii) by sweet biscuits categories, i.e. sandwich biscuits, plain biscuits and cookies.[7]

(10) In another case, the Commission also considered a distinction within the market for sweet biscuits based on (i) form, i.e. sandwiched biscuits or plain biscuits, and (ii) taste, i.e. chocolate-coated biscuits or filled biscuits.[8] It was noted, however, that the differentiation based on the biscuit category may differ from country to country.[9]

(11) Furthermore, in previous decisions the Commission also considered that the market for confectionery could be subdivided into separate markets for (i) sugar confectionery and (ii) chocolate confectionery.[10] Within chocolate confectionery, the Commission identified potential separate markets for countlines, tablets and pralines.[11]

(12) Indeed, in *M.4824 - Kraft / Danone Biscuits* case, the Commission considered that in Czechia and Slovakia, countlines could form a distinct market from other chocolate confectionery products but ultimately left the precise market definition

5 M.1920 Nabisco / United Biscuits, para. 8.
6 M.4824 Kraft / Danone Biscuits, para. 13; M.5644 Kraft Foods / Cadbury, paras. 28-31, M.10350 Mondelez / Chipita Industrial and Commercial Company, paras. 28-31.
7 M.10543 - Biscuit Holding / Continental Bakeries, paras. 11-17.
8 M.4824 - Kraft / Danone Biscuits, para. 14.
9 M.4824 - Kraft / Danone Biscuits, para. 19.
10 M.5188 – Mars/ Wrigley, para. 7 et seq.; M.4824 – Kraft / Danone Biscuits, para. 10.
11 M.5644 Kraft Foods / Cadbury, para. 24.

open. The Commission found that in these two countries consumers are traditionally attached to light bars, in particular to specific chocolate-coated wafers. *Light bars* can be defined as countlines containing biscuits, wafers or cookies combined with a lower content in chocolate and marketed as having a lighter taste. In turn, *heavy bars* contain more chocolate are denser often mixed with nougat, nuts or caramel and are designed to satisfy hunger or energy need.[12]

4.1.2. Notifying Party's views

(13) The Notifying Party agrees with the Commission's previous practice but does not consider that a further segmentation by taste is warranted.[13] The Notifying Party does not consider that wafers constitute a distinct product market in Slovakia and in Czechia.[14] Finally, the Notifying Party does not consider that branded and private label products constitute separate product markets.[15] The Notifying Party also considers that wafers can be considered as a segment of the market for sweet biscuits, but also as a segment of the confectionery market.[16]

4.1.3. Commission's assessment

(14) The Commission's market investigation has shown that wafers might constitute a separate product market within confectionery in Slovakia and Czechia.

(15) In particular, all retailers interviewed by the Commission confirmed that wafers represent a specific product category in Slovakia and Czechia. This segmentation is also reflected in the Nielsen IQ data categorisation. One retailer affirmed that '*Wafers is a specific product category recognised by the industry[.]*'[17], while another specified that *'[…] given that they are a very particular product in Slovakia because of their brand recognition and tradition (i.e., Horalky, Mila), wafers could be considered a market distinct from the rest of biscuits.'*[18]

(16) Furthermore, the Parties, in their internal documents, assess the market for the supply of wafers as separate from that of other products. For instance, Target's internal documents analysing its market position both in Czechia and Slovakia highlight that wafers are […], meaning […][19]. Another internal document from the Target highlights that IDC Holding has, in Czechia, […][20].

(17) With regards to a possible distinction between private label and branded products, the Commission's market investigation has shown that these could be separate markets. Indeed, one market participant highlighted the difference between the two, explaining that *'private labels are the main label that is purchased from retailers and are made exclusively for one retailer and have a trademark and/or logo of the retailer. Branded labels are products with the trademark and/or logo of the supplier that is supplied to more retailers or other purchasers'*, and that *'several of*

12 M.4824 - Kraft / Danone Biscuits, para. 21.
13 Form CO, paragraph 88.
14 Form CO, paragraph 106.
15 Form CO, footnote 95.
16 Form CO, paragraph 126.
17 Non-confidential minutes with a customer/retailer of 7 October 2024, para. 6.
18 Non-confidential minutes with a customer/retailer of 7 October 2024, para. 4.
19 Form CO, Annex 17a, slide 7.
20 Form CO, Annex 17a, slide 5.

the Company's suppliers cannot produce private labels for various reasons and only produce branded products'[21].

(18) Since both Parties sell all relevant snacking products through retail selling channel only and do not sell through food service selling channel (HORECA) in any of the product or geographic market[22], segmentation according to the sales channel is not relevant for this case.

(19) The Commission's market investigation therefore confirmed that, in Slovakia and in Czechia, due to the importance of wafer products, it is possible that these would constitute distinct product markets. The Commission's market investigation similarly confirmed that private label and branded products could form separate product markets. Nevertheless, and given that no competitive concerns arise under any plausible market definition, the exact product market definition may be left open.

4.2. Geographic market definition

4.2.1. The Commission's decisional practice

(20) In its prior decisional practice, the Commission concluded that the market of biscuits, chocolate confectionery[23] and countlines as national in terms of the geographic delineation, as there are national-wide consumer tastes, preferences, purchasing habits and established local brands.[24]

4.2.2. Notifying Party's views

(21) The Notifying Party agrees with the Commission's previous practice.

4.2.3. Commission's assessment

(22) The Commission's market investigation confirmed that the market for biscuits, chocolate confectionery, countlines and wafers are likely national in scope, since market participants pointed to the different dynamics of competition between different Member states.

(23) The market investigation confirmed strong national identity of tastes in biscuits, chocolate confectionery, countlines and wafers and their segments. For example, wafers enjoy particularly strong market position in Czech Republic and Slovakia, with several traditional brands well anchored in the local consumer preferences. The local relevance of brands was confirmed by one of the retailers who assumed that *'IDC Holding certainly exports its products to neighbouring countries but it can take place under different brands and with different taste'*[25].

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21 Non-confidential minutes of a call with a customer/retailer of 8 October 2024, paragraphs 2 and 6.

22 Form CO, para 138.

23 5644 Kraft Foods / Cadbury, para. 42.

24 M.10543 - Biscuit Holding / Continental Bakeries, para 18; M.10350 - Mondelez / Chipita Industrial and Commercial Company (2021), paras. 22 and 50-54; M.6430 – Oaktree / Panrico, para 22; M.4828 - Kraft/Danone Biscuits, para.15; M.1920 – Nabisco / United Biscuits, para. 12.

25 Non-confidential minutes from a call with a customer/retailer, para 4.

4.3. Conclusion

(24) For the purpose of this decision, the Commission will therefore assess the Transaction at the narrowest level plausible, i.e. a potential market for the production and sale of wafers in Czechia and in Slovakia, with a possible sub-distinction between private label and branded products.

5. COMPETITIVE ASSESSMENT

5.1. Legal framework

(25) Under Article 2(2) and (3) of the Merger Regulation, the Commission must assess whether a proposed concentration would significantly impede effective competition in the internal market or in a substantial part of it, in particular through the creation or strengthening of a dominant position. In this respect, a merger can entail horizontal and/or non-horizontal effects.

(26) Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. The Commission appraises horizontal effects in accordance with the Horizontal Merger Guidelines.[26] According to paragraph 26 of the Horizontal Merger Guidelines, a non-exhaustive list of relevant factors needs to be assessed in order to determine whether significant non-coordinated effects are likely to result from a concentration.

(27) Accordingly, the Commission will assess market shares, closeness of competition between the Parties, important dynamics of the markets where the Parties' activities overlap, the alternatives to the Parties and the constraint exerted by competitors. Based on all these factors considered together, conclusions on horizontal non-coordinated effects are drawn.

5.2. Market shares

(28) While IDC Holding is active across various EEA Member States, its activities are primarily focused on Czechia, Hungary, Poland and Slovakia where it achieves more than […]% of its revenues. In these Member States, Valeo Foods has a rather limited presence as it is mainly focused on the United Kingdom and Ireland.

(29) The Transaction does not lead to any markets with a combined share above 20% outside of the Parties' respective core Member States, namely Czechia, Hungary, Poland, Slovakia and Ireland.[27] Within these Member States, most of the markets

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[26] Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings ('Horizontal Merger Guidelines'), OJ C 31, 5.2.2004.

[27] The Parties activities overlap in **Lithuania** for confectionary and chocolate confectionary; in **Latvia** for biscuits and sweet biscuits; in **Germany** for confectionery and sugar confectionery products, chocolate confectionery and pralines; in **Romania** for biscuits, sweet biscuits, sandwiches, wafers, confectionary, sugar confectionery, soft candies, chocolate confectionary and pralines; in **Sweden** for confectionary, sugar confectionary, hard candies; and **Croatia** for biscuits, sweet biscuits, confectionary, chocolate confectionary and pralines.

where the Parties' combined market shares exceed 20% meet the conditions for review under point 5 of the Notice on Simplified Procedure[28].[29]

(30) The Transaction only results in the two following affected markets:

(a) The overall market (both branded and private label) for wafers in Slovakia; based on volume sales; and

(b) The overall market (both branded and private label) for wafers in Czechia based on volume sales.

(31) The Parties have submitted the following market shares for these two markets:

Table 1: Market shares of the Parties for the production and sale of wafers in Slovakia (combined market shares in orange), 2023 – Nielsen IQ data

Considered product market	Supplier	Market shares in Slovakia	
		Value (not affected)	Volume
Wafers – Overall[30]	Valeo Foods	[0-5]%	[0-5]%
	IDC Holding	[40-50]%	[50-60]%
	Combined	**[40-50]%**	**[50-60]%**

Source: Form CO, para. 66, Annex 18.

Table 2: Market shares of the Parties for the production and sale of wafers in Czechia (combined market shares in orange), 2023 – Nielsen IQ data

Considered product market	Supplier	Market shares in Czechia	
		Value (not affected)	Volume
Wafers – Overall[31]	Valeo Foods	[0-5]%	[0-5]%
	IDC Holding	[20-30]%	[20-30]%
	Combined	**[20-30]%**	**[30-40]%**

Source: Form CO, page 102 and Annex 18.

28 Commission Notice on a simplified treatment for certain concentrations under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (2023/C 160/01), OJ C 106/1, 5.5.2023.

29 For Slovakia, these are (i) sugar confectionary – private label products, (ii) chocolate confectionary, (iii) chocolate confectionary branded products and (iv) wafer-based products (as defined by NielsenIQ) –in value. For Czechia, these are (i) private label sugar confectionary, (ii) private label soft candies, (iii) wafer-based products (as defined by NielsenIQ) in value and (iv) branded wafer-based products (as defined by NielsenIQ) in value and volume. For Ireland, these are (i) biscuits – total, (ii) branded biscuits, (iii) branded sweet biscuits, (iv) plain sweet biscuits – total, and (v) branded plain sweet biscuits. For Hungary, these are branded wafer-based products (as defined by NielsenIQ) –in volume.

30 Form CO, paragraph 66 and Annex 18.

31 Form CO, page 102 and Annex 18.

5.3. Notifying Party's views

(32) The Notifying Party considers that given the complementary nature of the Parties' business activities and low increments in the above markets, the Transaction would have neutral effect on the markets from a competition law perspective.[32]

5.4. The Commission's assessment

(33) In each of these two markets, the Transaction is unlikely to raise any competition concerns for the following reasons.

5.4.1. Slovakia

(34) First, the Parties' combined market share post-Transaction stands slightly above [50-60]% in volume, but with a very marginal increment. Indeed, Valeo Foods is active only marginally with regards to the supply of wafers in Slovakia: it has a market share of [0-5]% by value and [0-5]% by volume.

(35) Second, there would be competitors remaining on the market, with large market shares (Mondelez, [10-20]% by volume and value; Nestlé [5-10]% by volume and value). Market participants confirmed that there are sufficient alternative suppliers, indicating that sizeable international players such as Mondelez and Nestlé will remain active in the market along with reputed local players such as Pečivárne Liptovský Hrádok. One retailer confirmed that *'[o]ther manufactures of wafers in Slovakia include Mondelez, Nestle and some other local products. The Company also sells wafers under its private brand[.]'*[33], while another explained that *'[a]lternative products are proposed by Pečivárne Liptovský Hrádok, in particular as private labels or by Nestle under Delissa brand.'*[34]

(36) Third, the Parties are not close competitors. Indeed, Valeo Foods is mostly active in private label products (its market share in all types of wafers is [0-5]% in value and [0-5]% in volume, while its market share in private label wafers is [0-5]% in value and [0-5]% in volume), whereas Target is mostly active in branded products (its market share in all types of wafers is [40-50]% in value and [50-60]% in volume, while its market share in private label wafers is [5-10]% in value and [5-10]% in volume).

(37) IDC Holdings' wafer brands are well-established brands in Slovakia, with significant customer recognition, whereas Valeo Foods is only marginally active. Indeed, one market participant explained that "*the Company considers that IDC is a large supplier for wafers. Indeed, they own some of the main brands in Slovakia, and these brands are a must-have brand. Valeo Foods, on the other hand, is not a must-have brand for wafers in Slovakia*".[35] While the majority of the market participants interviewed during the market investigation confirmed the Target's important position with respect to wafers in Slovakia, they also acknowledged the marginal presence of Valeo Foods. One of the retailers, with limited knowledge of Valeo Foods mentioned that *'IDC Holding is one of the long-term suppliers of the Company of branded products but also of two private label products for the Company. The Company has no relationship with Valeo Foods. The Company is*

32 Form CO, para. 163.
33 Non-confidential minutes with a customer of 8 November 2024, paragraph 5.
34 Non-confidential minutes with a customer of 6 November 2024, paragraph 5.
35 Non-confidential minutes with a customer of 7 October 2024, paragraph 5.

aware of the fact that Valeo Foods owns a chewing gum brand 'PEDRO' in the Czech Republic. This product is distributed in Slovakia through another distributor. The Company considers that Valeo Foods does not primarily commercialise products that could be considered as alternatives to the main products (wafers) of IDC Holding.'[36] Another retailer explained that *'the Company does not cooperate with Valeo Foods so far and doubts that Valeo Foods is already present on the Slovak market. This view is based on the fact that the Company has already an established cooperation with all major food suppliers on the Slovak market and does not see Valeo Foods.'*[37]

(38) Fourth, market participants expect no negative impact of the Transaction on their business activity or the overall market for the production and sale of wafers in Slovakia. As one of the retailers explained *'the Company does not expect the transaction to have a negative impact on the Slovak competitive environment. In this respect the Company considers that IDC Holding is a very successful in Slovakia and Valeo Food would not have any incentive to change the business otherwise it would risk losing in terms of market share and profitability.'*[38]

5.4.2. Czechia

(39) First, the Parties' combined market share post-Transaction is [20-30]% in value and [30-40]% in volume with a small increment of Valeo Foods' wafer activities in Czechia, with a market share of [0-5]% by value and [0-5]% by volume.

(40) Second, several alternative players would remain active in Czechia, namely Mondelez ([20-30]% by value and [30-40]% by volume), Nestlé ([10-20]% by value and [5-10]% by volume, and Penny Market ([5-10]% by value and [10-20]% by volume).

(41) Third, the Parties are not close competitors. Indeed, Valeo Foods is mostly active in private label products (its market share of branded wafers is below [0-5]% in volume and value), and the Target is mostly active in branded products (its market share of private label products is [0-5]% by value and [0-5]% by volume).

(42) Fourth, market participants did not raise any concerns with respect to the impact of the contemplated acquisition on the market for the production and sale of wafers in Czechia. One of the retailers explained that *'[g]iven that Valeo Foods has no must-have brands for the Company, the Company does not expect any negative impact from the Transaction[.]'*[39], while another specified that *'[i]n opinion of the Company, the Transaction will not have a strong impact on the relevant markets in the Czech Republic, and any potential negative effects would be limited.'*[40]

36 Non-confidential minutes with a customer of 7 November 2024, paragraph 3.
37 Non-confidential minutes with a customer of 6 November 2024, paragraph 4.
38 Non-confidential minutes with a customer of 6 November 2024, paragraph 7.
39 Non-confidential minutes with a customer of 7 October 2024, paragraph 6.
40 Non-confidential minutes with a customer of 8 October 2024, paragraph 11.

6. CONCLUSION

(43) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Teresa RIBERA
Executive Vice-President