OpenVoiceNews

Transparent. Unbiased. Yours.

Kingsmill Owner Moves to Acquire Hovis in £75m Deal

August 15, 2025
— Categories: Economics

© Bloomberg/Getty Images

The owner of Kingsmill, Associated British Foods (ABF), has agreed to acquire Hovis from private equity owner Endless LLP in a deal valued at around £75 million. If approved by the Competition and Markets Authority (CMA), the merger would create the largest packaged bread producer in the United Kingdom, surpassing current market leader Warburtons.

Hovis, owned by Endless, and Kingsmill, part of ABF's Allied Bakeries division, have both experienced declining demand for packaged sliced bread in recent years. The transaction is aimed at combining production and distribution facilities, with ABF estimating operational cost savings of around £50–55 million. These efficiencies could lead to changes in staffing levels, and trade unions have expressed concern over potential job losses.

Unite general secretary Sharon Graham stated that the union, which represents hundreds of workers at both companies, will "not tolerate attacks on jobs, pay or conditions" and will press for assurances that positions are protected during the merger process.

The CMA's review is expected to take up to a year, assessing whether competition in the market would remain sufficient. Industry data indicates that Warburtons holds just over a quarter of packaged bread sales, supermarket own-label products account for more than 40%, and Hovis and Kingsmill together supply most of the remainder.

Publicly available company statements confirm that both brands have faced profitability pressures. Allied Bakeries has reported ongoing losses despite sales of roughly £400 million, while Hovis's most recent full-year report also showed reduced revenues and losses, though exact figures for 2024 have not been independently verified.

Warburtons has maintained market dominance through product innovation, including new crumpet and flatbread lines. By contrast, Hovis and Kingsmill have faced stiff competition from supermarket own-label offerings and have contended with raw material price fluctuations.

Separately, ABF's ethanol division has been affected by the UK government's decision not to provide direct financial support to the domestic bioethanol industry. This follows a UK–US trade agreement signed in May 2025 that removed tariffs on up to 1.4 billion litres of ethanol imports from the United States, equivalent to the UK's total annual production capacity.

ABF stated the policy change could result in job losses and possible facility closures. The Department for Business and Trade responded that direct subsidies would not address long-term structural challenges in the sector and would not provide value for taxpayers.

The proposed bread industry merger remains dependent on regulatory clearance, with a final decision unlikely before September 2026. If approved, the deal would significantly alter the competitive landscape of the UK bakery sector.