

Construction materials deal raises competition concerns

Breedon Group plc (Breedon) and Cemex Investments Limited (Cemex) are 2 of the leading producers and distributors of construction materials in the UK and Ireland. Breedon announced in January 2020 that it had agreed a £178 million deal to buy approximately 100 Cemex sites, including aggregates quarries, ready-mixed concrete facilities, asphalt plants and a cement terminal, across the UK.

All of these materials are widely used in the UK construction industry as essential components in the construction of roads, buildings and other infrastructure.

Following its initial Phase 1 investigation, the Competition and Markets Authority (CMA) found that the deal gives rise to competition concerns in relation to the supply of ready-mixed concrete, non-specialist aggregates or asphalt in 15 local markets across the UK. In all of these local markets, the 2 businesses currently have a large presence and compete closely, with limited competition from other suppliers.

The CMA has also found that the merger could make it easier for cement suppliers in the East of Scotland to align their behaviour, without necessarily entering into any express agreement or direct communication, in a way that limits the rivalry between them. The CMA found that this could result in cement suppliers competing less strongly for certain customers in the region.

The CMA is therefore concerned that the deal could result in a substantial lessening of competition, leading to higher prices and lower quality building materials for UK construction projects.

Colin Raftery, CMA Senior Director said:

“These products are widely used in a range of building projects across the UK, and account for a material part of the construction costs faced by businesses and public bodies. As the majority of these materials are sourced locally, it’s vital to ensure that enough competition will remain at the local level so there’s enough choice and prices remain fair.

“While sufficient competition will remain in most areas, we are concerned that the deal could result in high prices and lower quality products in some areas where Breedon wouldn’t face sufficient competition.”

Breedon and Cemex must now address the CMA’s concerns within five working days. If they are unable to do so, the merger will be referred for an in-depth Phase 2 investigation.

For more information, visit the Breedon Group plc/Cemex Investments Limited merger inquiry [web page](#).

For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.