



MEDIA RELEASE

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Preliminary competition concerns over Woolworths' PFD acquisition

The ACCC has outlined preliminary competition concerns with Woolworths' (ASX: WOW) proposal to acquire 65 per cent of PFD Food Services.

PFD is a wholesale food distributor, purchasing a wide range of food products from manufacturers and distributing them to food service businesses such as restaurants and cafés, fast food franchises, hotels and clubs.

"The ACCC is concerned that the proposed acquisition seems likely to increase Woolworths' already substantial bargaining power in its dealings with food manufacturers," ACCC Chair Rod Sims said.

Woolworths and PFD both acquire food and groceries from suppliers such as frozen food manufacturers, dairy processors and manufacturers of pasta and sauces.

"The ACCC is concerned that the proposed acquisition would remove PFD as an important alternative customer in the food sector, reducing the number of buyers and increasing Woolworths' relative size as a customer of food manufacturers and suppliers," Mr Sims said.

"The dominance of Coles and Woolworths in food retail means that wholesale food distribution is an important alternative customer channel for manufacturers."

The ACCC is also considering whether the proposed acquisition could affect downstream competition.

"If Woolworths was able to use its existing bargaining power as a retail buyer to gain better supply prices for PFD than PFD could obtain on its own, in the medium term this could have serious consequences for the structure of the wholesale food distribution sector, such as reduced range, choice, and service levels," Mr Sims said.

The ACCC is also continuing to consider other issues, including whether Woolworths acquiring a company which supplies its competitors will lead to risks of foreclosure, and the extent to which Woolworths at Work and AGW compete with PFD at the moment or are likely to compete with PFD in future.

Feedback on the ACCC's statement of issues is due by Monday, 1 February 2021.

The ACCC's final decision will be announced on 22 April 2021. Further information is available at [Woolworths – PFD Food Services](#).

Background

Woolworths is a large food retailer listed on the ASX. Woolworths also operates the online business Woolworths at Work, which supplies to commercial customers and Woolworths AGW which provides wholesale food distribution to a petrol and convenience chain.

PFD is a privately owned wholesale food distributor supplying food products and distribution services. PFD operates a national network of warehouses and a fleet of delivery vehicles. PFD distributes to food service businesses such as restaurants and cafés, franchised quick service restaurants, hotels and clubs and other businesses.

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