[SI] POP TV/KANAL A Merger

IRIS 2001-1:1/25

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In October, the purchasing procedure for the entire package of Kanal A TV station shares was completed with the signature of the Closing Agreement. The Kanal A shares with a value of USD 12.5 million were bought by the company Super Plus Holding, which is owned by natural persons connected with the major commercial TV station in Slovenia, POP TV, and its majority shareholder, the company CME.

Kanal A used to be the first commercial TV station in Slovenia and was founded in 1990. From 1996 the company was operated by the company SBS, who had bought a right to convert debt to equity from Kanal A's creditor, Barings bank, and then last year actually exercised its right.

In 1995, a new commercial TV station, called "POP TV" with CME as the majority owner, was launched. It soon gained a majority share of viewers and a few years later a majority share of the TV advertising market in the country also. In addition to the state TV, POP TV has been the only TV station to produce the daily news.

Due to the specific nature of the small Slovenian market, the possibility of a merger or cooperation between two commercial TV stations existed for a period of time. The procedure itself took more than one year. The merger was a consequence of a wider agreement between SBS and CME. Because of the fact that the total market share of both TV stations represented more than one-half of the Slovenian TV advertising market share, a consultation procedure with the Urad RS za varstvo konkurence (Competition Protection Office) took place before the merger, in accordance with the Zakon o preprecevanju omejevanja konkurence (Prevention of Restriction of Competition Act).

On 28 August 2000, the Office decided that the merger did not violate the law and was in compliance with the competition rules. In its decision, the Office explained that despite the fact that the companies' combined market share will represent more than 40 % (which is the percentage that requires review by the Office) of the relevant TV advertising market, the merger of the two stations would not harm competition - mostly because of the strong position of the state TV station, which is supported by licence fees, state aid and advertising revenues.

The Svet za radiodifuzijo RS (Slovenian Broadcasting Council) also participated in the procedure. Its task is to control the activities of the electronic media according to the Zakon o javnih glasilih (Media Act). Considering the programming

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aspect, the Council was not against the merger because it estimated that the merger would not affect the plurality of the electronic media in the Republic of Slovenia.

Despite the merger, Kanal A and POP TV remain two separate channels with complimentary programming schedules, while one team manages and operates both channels.

For the viewers the merger means above all a bigger choice of various sorts of programming in the same time slots. New formats will be introduced into the Kanal A schedule, some of which have never been broadcast by that station, such as news shows and more sport content.

Odlocba Urada RS za varstvo konkurence 3071-20/00-19, 28.08.2000

Decision by the Competition Protection Office No. 3071-20/00-19 of 28 August 2000

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