European Commission: Sale of ProSiebenSat.1 to KKR and Permira Approved

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The sale of the majority of the shares in German television company ProSiebenSat.1 Media AG to Lavena Holding 4 GmbH, an investment company controlled by equity funds KKR(Kohlberg Kravis Roberts & Co.) and Permira, has been approved by the *Kommission zur Ermittlung der Konzentration im Medienbereich* (Commission for the investigation of media concentrations - KEK) and the European Commission. Permira and KKR are private investment fund companies. In the media sector, they control the Dutch SBS television group, mainly active in Scandinavia, the Netherlands, Belgium and Central and Eastern Europe. Permira also controls All3Media, a British television production company and distributor of television broadcast rights.

While the KEK analysed the takeover in terms of specific aspects of media concentration law (Art. 26 of the *Rundfunkstaatsvertrag* - Inter-State Broadcasting Agreement), the European Commission examined whether it conformed with general European competition law, in this case the Merger Regulation. Both concluded that the takeover was legally valid.

In its investigations, the KEK also took into account Permira's shareholding in the mobile service provider debitel AG. Despite the resulting vertical overlap with the mobile television services market, which could give the channels run by ProSiebenSat.1 advantages over other providers, the KEK ruled that, since the market penetration of mobile television was still small, it was unlikely that its market share would be large enough, in the foreseeable future, to infringe the media concentration rules that cover all television services throughout the country. Since Permira and KKR currently had no other holdings in national television companies, there was no cause for concern. It was the opinion of the KEK that the international activities of the SBS broadcasting group would not affect the formation of opinion in Germany, since SBS was not currently active in the German media market. Such activities were more likely to have an impact at international level than on private television in Germany.

After examining the effects of the transaction at European level, the European Commission concluded that the proposed merger would not significantly impede effective competition in the European Economic Area (EEA) or in any substantial part of it. There were no horizontal overlaps between the activities of ProSiebenSat.1 and SBS. As regards the vertical relationship between All3Media

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and ProSiebenSat.1 in the area of marketing of television content, the negligible volume of sales in Germany meant that there were no competition concerns. The Commission also analysed the potential effects of the proposed transaction arising from the fact that ProSiebenSat.1 and SBS were among the larger television broadcasters in their respective regions. It concluded that there was no risk that the merger would enable the new company to drive competitors out of the market or to discriminate against them.

European Commission press release of 22 February 2007

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/229&format=HTML&aged=0&language=EN&guiLanguage=en

Pressemitteilung der KEK vom 6. Februar 2007

http://www.kek-online.de/cgi-bin/resi/i-presse/451.html

KEK press release of 6 February 2007

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