

[BG] Bulgarian competition watchdog approves major acquisitions in the local media, telecom and newspaper market

IRIS 2021-3:1/4

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By adopting Decision No. AKT-37-14.01.2021 of Комисия за защита на конкуренцията (the Commission for Protection of Competition, CPC), the local competition regulator has unconditionally approved the acquisition of the Bulgarian media company Нова Броудкастинг Груп (Nova Broadcasting Group) and its subsidiaries by the Dutch-based telecommunications and media company United Group.

Nova Broadcasting Group is one of the leading media service providers on the market. It owns 10 TV channels, including one of the national TV channels – Нова телевизия (Nova TV) –, as well as four radio stations, one of the major local online platforms (including the most popular video-sharing platform and mail service provider, and several news websites) and other information society service providers.

On analysing the facts of the case, the CPC ultimately found that the transaction would not lead to the establishment or strengthening of a dominant position on any of the relevant horizontal or vertically-related markets. The CPC found that there was no horizontal overlap between the activities of the parties to the concentration, thus concluding that there could be no anti-competitive effects at horizontal level.

Going into more detail, the CPC was of the opinion that the parties involved in the transaction operate at different levels of the audiovisual services chain and in certain telecommunications markets. Thus, the CPC established that some vertically-related markets in Bulgaria may be affected by the transaction. These include (i) the wholesale and retail markets for the distribution of TV and radio channels; (ii) the TV, Internet and radio advertising markets (due to Nova's activities with regard to the reselling of advertising time – both its own and that of other broadcasters), and (iii) the retail markets for mobile telecommunications services and Internet access services (stemming from the activities of Vivacom, another recent local acquisition of United Group – see below).

After making a detailed analysis of the possible outcome for all vertically-related markets, the CPC concluded that the new group would have neither the ability nor

the incentive to engage in a foreclosure strategy in the vertically-related markets concerned. In short, the competition regulator states that: i) there are alternative TV and platform operators (some of whom are also vertically integrated) who are able to exercise effective competitive pressure over the merged entity; ii) the group would lose content, as well as income, from ad sales and the distribution of channels; iii) the industry is undergoing a process of modernisation, that is to say, moving from linear to non-linear providers, meaning that there is sufficient competition.

It is also worth briefly mentioning Decision No. AKT-39-14.01.2021 of the CPC, where the local watchdog also unconditionally approved the acquisition of two local newspaper publishers by United Group on the same day. The regulator found that the transaction would not impact the print media market. Thus, United Group has added two more companies to its portfolio of magazines (that is, adding to the magazines part of the Nova group).

These deals are the latest steps (probably not final) in United Group's strategy to consolidate the telecommunications and media market in the country following the acquisition of the incumbent telecom operator Българска телекомуникационна компания (the Bulgarian Telecommunications Company, BTC) earlier in 2020. Now United Group will be operating both Nova TV and Виваком (Vivacom), which is the telecom brand of BTC.

The acquisition of Nova Broadcasting Group is not the only acquisition of a similar nature in the local media and telecom industry. Another big deal which changed the Bulgarian media landscape occurred at the end of 2020. Би Ти Ви Медия Груп (the BTV Media Group), which owns the national channel Би Ти Ви (BTV), was sold to PPF Group NV (PPF) as part of the cross-border acquisition of Central European Media Enterprises (CME). In contrast to the Nova deal, the acquisition of CME by PPF was approved (also unconditionally) by the European Commission under the EU Merger Regulation.

Prior to the transaction for the acquisition of BTV, PPF also acquired Теленор България (Telenor Bulgaria) as part of the acquisition of Telenor's subsidiaries in Central and Eastern Europe, which is one of the three active mobile operators in the country.

The telecom and media market is consolidating and changing rapidly. It will be really interesting to see what the new players will bring to the local market and how they will be able to compete with the competition of OTT streaming services in the audiovisual services sector.

Решение № АКТ-37-14.01.2021 на КЗК

<http://reg.cpc.bg/Decision.aspx?DecID=300059170>

Decision No. AKT-37-14.01.2021 of the CPC

Решение № AKT-39-14.01.2021 на КЗК

<http://reg.cpc.bg/Decision.aspx?DecID=300059172>

Decision No. AKT-39-14.01.2021 of the CPC

