[BG] The consolidation of local telecommunications and media market continues

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The Dutch-based holding United Group continues the consolidation of the local market by closing a couple of new deals for the acquisition of some of the major regional telecom operators. This comes shortly after the January transaction approved by the competition watchdog for the acquisition of one of the leading media service providers *Нова Броудкастинг Груп* (Nova Broadcasting Group) (see IRIS 2021-3/19).

By Decision № АКТ-402-15.04.2021 of *Комисия за защита на конкуренцията* (the Commission for Protection of Competition – CPC), the competition regulator approved the acquisition of the internet and service providers *Нет 1* (Net 1) and its subsidiaries *КомНет София* (KomNet Sofia) and *И Ти Ви* (ITV) by *Българска телекомуникационна компания* (the Bulgarian Telecommunications Company - BTC) which is owned by the United Group. Net 1 is among the top five largest telecoms per income and number of subscribers, providing: 1) fixed retail internet access, and 2) retail pay TV in the country and in the capital, Sofia. Net 1 is the second largest cable TV provider in Sofia (a market where BTC is not present). Net 1 also provides fixed telephone services. This acquisition alone adds approximately 50 000 TV subscribers and 30 000 Internet subscribers to BTC's subscribers.

The relevant stakeholders expressed opinions on the acquisition and some expressed concerns that the transaction may distort the competition in all affected markets. Based on its data, the telecom regulator *Комисия за регулиране на съобщенията* (the Communications Regulation Commission – CRC) concluded that after the transaction BTC will become the second largest cable TV operator and will strengthen its position in terms of the supply of pay TV especially for the territory of Sofia. The CRC also stated that following the acquisition of Net 1 the first three companies in the pay TV sector will cover almost 99% of the subscribers, and the competitive pressure on BTC will be limited to its main competitors A1 and *Булсатком* (Bulsatcom). The CRC also mentioned that after the transaction BTC will continue to be the largest provider of fixed Internet access in the country, but it will be increasing its relative share. It adds that BTC will become the second national undertaking providing TV via all possible platforms – cable, satellite and IPTV.

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In its final decision the CPC has found that there will be no distortion of any of the relevant markets. It argued that BTC will acquire companies which provide Internet access through technologies that are not new for the acquisitors' groups. It goes on to say that the concentration is not a prerequisite for creating a significant advantage over competitors, because there is no change in the already existing market shares. The CPC has finally concluded that the notified transaction could not significantly impede effective competition in the relevant markets and no creation or strengthening of a dominant position will occur.

In addition, by Decision № АКТ-403-15.04.2021, the CPC also approved unconditionally another BTC deal for the acquisition of the Plovdiv cable operator N3, which according to CRC data for 2019 had approximately 26 000 TV subscribers and 4 200 Internet subscribers. N3 is among the top five largest pay TV providers in the country and in the city of Plovdiv (and in second place for cable TV). Also, the company is among the top 10 internet service providers in the country and in the city of Plovdiv. The arguments of the competition regulator for approval are rather similar to those in the decision above.

Finally, on 10 May 2021 news outlets announced that BTC has acquired the largest fixed internet and pay TV provider in the northeast of Bulgaria *Нетуоркс – България* (Networx Bulgaria) and its subsidiary operating in Sofia – *Онлайн Директ* (Online Direct). Official data shows that these companies have approximately 68 000 fixed internet subscribers. No data is available for pay TV subscribers. Clearance from the competition watchdog is a pre-condition for closing of the transaction and decision should be expected in the following months.

These acquisitions are probably not the final in the sector and the consolidation of the market will continue. One of the assets worth noting in the market is the IPTV and satellite provider Bulsatcom which is the second largest pay TV provider in Bulgaria (satellite and IPTV). The latter has faced financial troubles in the past years and is up for grabs according to various news reports. The competition for Bulsatcom, however, will be strong because the company is the last operator of such magnitude in the country and will be an excellent asset that can be added to the portfolio of companies interested in the sector.

Решение № АКТ-402-15.04.2021 на КЗК

http://reg.cpc.bg/Decision.aspx?DecID=300059888

CPC, Decision № АКТ-402-15.04.2021

Решение № АКТ-403-15.04.2021 на КЗК

http://reg.cpc.bg/Decision.aspx?DecID=300059889

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