

***Case No COMP/M.2572 -
TIME / IPC***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 12/10/2001

*Also available in the CELEX database
Document No 301M2572*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12/10/2001

SG (2001) D/291768

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sir/Madam,

**Subject: Case No COMP/M.2572 - Time/IPC
Notification of 11.09.2001 pursuant to Article 4 of Council Regulation
No 4064/89¹ (“the Merger Regulation”)**

I. THE CONCENTRATION

1. On 11.09.2001, the Commission received a notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Time UK Publishing Holdings Limited (“Time”) a subsidiary of AOL Time Warner Inc (“AOLTW”) purchases the entire share capital of IPC Group Limited (“IPC”), by way of a share purchase agreement, thereby acquiring sole control of IPC within the meaning of Article 3(1)(b) of the Merger Regulation.

II. THE PARTIES

2. The business activities of the undertakings concerned are:
 - for Time: a subsidiary of AOLTW formed for the purposes of this acquisition and has no other operations or business;
 - for AOLTW: a US based media and communications company formed as a result of the merger of America Online Inc and Time Warner Inc consummated earlier this year. Insofar as relevant to the notified transaction, AOLTW’s

¹ OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

businesses include interactive services, Web brands, Internet technologies and electronic commerce as well as interests in magazine publishing conducted through Time Inc both inside and outside the US; and

- for IPC: a leading UK based publisher of consumer magazines which in addition publishes magazines in Australia and France through joint ventures. IPC publishes in five general areas: (i) women's interest, (ii) TV, (iii) men's lifestyle and entertainment (including music and film), (iv) home and garden, and (v) leisure.

III. COMMUNITY DIMENSION

3. According to the notifying parties, in 2000, AOLTW's world-wide turnover was EUR 39,361.9 million, whilst IPC's turnover was EUR 626.8 million. So combined aggregate world-wide turnover of the undertakings concerned was more than EUR 5 billion². AOLTW's Community-wide turnover in 2000 was EUR [...] million and IPC's was EUR [...] million. Each of AOLTW and IPC therefore have a Community-wide turnover in excess of EUR 250 million, and they do not both achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension.

V. COMPETITIVE ASSESSMENT

Horizontally affected product and geographic markets

4. The parties have identified consumer (as opposed to industry or trade) magazine publishing in UK and Ireland as the overall market horizontally affected by the acquisition. According to the parties, this market may be sub-divided into the markets for readership and advertising. On the market for readership, the parties will have a combined market share of audited circulation of [10-20]% by value and [20-30]% by volume, which is made up mainly of IPC's current circulation, with Time's incremental market share accounting only for [0-5]% by value and [0-5]% by volume.³ As for the advertising market, the parties will have between [15-25] and [15-25] % of the UK magazine advertising market of which the incremental share of Time makes up between [0-5] and [0-5]%. The results of the Commission's market investigation confirmed the parties' relevant product and geographic market definitions.
5. In previous Commission decisions, the Commission suggested that the general magazine publishing market may be further sub-divided into sub-markets according to topics and category of readers the magazines aim at. However, even on the narrowest possible market there would be no problem.
6. The relevant geographic market in the present case appears to be the UK and Ireland.

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

³ Based on ABC figures for UK and Ireland.

7. The extent of horizontal overlap occasioned by the notified transaction is negligible and the resulting market shares will not lead to the creation or strengthening of a dominant position for Time and IPC on any of the above-mentioned relevant product and geographic markets. The combined entity will face competition from a number of other important consumer magazine publishers such as Bauer with a market share in 2000 of around 15%, followed by EMAP with around 8%, BBC magazines with 7%, and National Magazines with 4%, in addition to a myriad of other smaller publishers. This was confirmed by the replies received by the Commission in response to its market investigation.

Vertically affected product and geographic markets.

8. In addition, the proposed operation may have had an impact on the vertically affected downstream markets for the provision of internet access services of AOLTW in the UK. Between 1998 and 2000, AOLTW's market share as an internet service provider ("ISP") in the UK ranged ... [within 20-35]% in number of subscribers. In terms of revenue, AOLTW is the number two ISP in the UK.
9. However, the results of the Commission's market investigation suggests that the creation of a vertical link between IPC's consumer magazine business and AOLTW's internet access business, is unlikely to lead to the creation or strengthening of a dominant position on either market. This is partly because there does not currently exist in the UK separate demand for on-line consumer magazines and partly due to the fact that consumer magazines are largely sold in the UK via newsagents rather than via on-line subscriptions. Moreover, the proposed transaction is unlikely to foreclose the possibilities for further vertical integration or similar co-operation between competitors of IPC and AOLTW in the UK.

VI. CONCLUSION

10. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission

Mario MONTI
Member of the Commission