

EN

*Case No COMP/M.5273
– SCHIBSTED PRINT
MEDIA AS/ METRO
NORDIC SWEDEN AB*

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 4 (4)
Date: 14/08/2008



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 14/08/2008

C(2008)4544

SG-Greffe(2008) D/205123

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 4(4) DECISION

To the notifying parties and the
Swedish Competition Authority

Dear Sirs,

**Subject: Case No COMP/M.5273 – SCHIBSTED PRINT MEDIA AS/ METRO
NORDIC SWEDEN AB
Reasoned submission pursuant to Article 4(4) of Regulation No 139/2004
for referral of the case to Sweden.**

Date of filing: 09/07/2008

Legal deadline for response of Member States: 04/08/2008

Legal deadline for the Commission decision under Article 4(4): 14/08/2008

I. INTRODUCTION

1. On 9 July 2008, the Commission received by means of a Reasoned Submission a referral request pursuant to Article 4(4) of Council Regulation (EC) No 139/2004¹ (the “EC Merger Regulation”) by which Schibsted Print Media AS (“Schibsted”, Norway) and Metro International S.A. (“MISA”, Luxembourg) intend to acquire joint control over Metro Nordic Sweden AB (“MNS”, Sweden), currently a solely controlled subsidiary of MISA. In this Reasoned Submission, the parties request that the operation be examined in its entirety by the competent authorities of Sweden.
2. According to Article 4(4) of the EC Merger Regulation, before a formal notification has been made to the Commission, the parties to the transaction may inform the Commission that the concentration may significantly affect competition in a market within a Member State which presents all the characteristics of a distinct market and should therefore be examined, in whole or in part, by that Member State.

¹ OJ L 24, 29.1.2004 p. 1.

3. A copy of the Reasoned Submission was transmitted to all Member States on 9 July 2008.
4. By fax of 25 July 2008, the Konkurrensverket (the "Swedish Competition Authority"), as the competent authority in Sweden, informed the Commission that Sweden agrees with the proposed referral.

II. THE PARTIES

5. **Schibsted** is owned by Schibsted ASA, a Scandinavian media group listed on the Oslo Stock Exchange with operations in 21 countries. Schibsted ASA's domestic markets are Norway and Sweden, but the Schibsted Group, i.e. all companies owned or controlled by Schibsted ASA, also has companies in many other countries in Europe and in South America. Schibsted ASA currently has a presence in the newspaper, TV film, online, mobile-phone, book and magazine sectors. Schibsted publishes two newspapers (Svenska Dagbladet and Aftonbladet) in Stockholm.
6. **MISA** is a Luxembourg-based publishing group and is listed on the Stockholm stock exchange. It publishes worldwide 70 national editions of "Metro", its free daily newspaper. Metro is published in several countries in Europe, North America, South America and Asia. All published editions are based on the worldwide Metro concept.
7. The target, **MNS** is a Swedish subsidiary of MISA which publishes the free Swedish daily newspaper Metro. Metro is published in Sweden five times a week.

III. THE CONCENTRATION

8. The Transaction in question involves the acquisition of joint control of MNS by Schibsted and MISA.
9. Currently, MISA exerts sole control over MNS. According to the Share Purchase Agreement signed on 18 May 2008 and the Shareholders' Agreement ("SHA") to be signed at the closing, Schibsted will through the proposed Transaction acquire 35% of the shares in MNS, whilst MISA will retain 65% of the shares and the votes. The SHA contains provisions granting Schibsted veto rights [...].
10. It follows from the above that the transaction constitutes a concentration within the meaning of Article 3(1)(b) of the EC Merger Regulation.

IV. COMMUNITY DIMENSION

11. The undertakings concerned have a combined aggregated world-wide turnover² for the year 2007 of more than EUR 5 billion ([...]³ [...]). Each of them has a Community-wide turnover for the year 2007 in excess of EUR 250 million ([...] [...]). The undertakings concerned do not achieve more than two-thirds of their Community-wide turnover within one and the same Member State.
12. The notified operation therefore has a Community dimension within Article 1(2) of the EC Merger Regulation.

V. RELEVANT MARKETS

A. Relevant product market

13. The proposed concentration concerns the Swedish daily newspaper sector and it is designed to facilitate the joint sale of advertising space in the newspapers owned by the parties in Sweden. Through the transaction, customers will have the possibility of purchasing advertising space in several newspapers through a single purchase.
14. According to the notifying parties, the relevant product markets to be considered for the purpose of this decision are the (i) daily newspaper readers market⁴ and (ii) the market for the sale of advertising space for daily newspapers in Sweden.
15. In previous decisions concerning the newspaper sector⁵, the Commission has indicated that in the daily newspaper readers market, the customers are the buyers of the newspaper as a source of information. In the market for the sale of advertising space, the customers are the advertisers who buy advertising space to promote the sales of goods or services.
16. From the reader's perspective, publishing markets are divided according to the medium (newspaper, magazines, online etc.) and commonality of content, as well as the target audience⁶. Moreover, a differentiation can be made within the written press between daily newspapers and non-daily magazines. The daily newspaper readers market can further be divided into national daily newspapers and regional daily newspapers. Regional daily newspapers by definition concentrate rather on local as opposed to national issues. In addition, national daily newspapers can be divided into different categories on the basis of the content of the newspaper or according to the editorial line of the newspaper or the quality of the publication.

² Turnover is calculated in accordance with Article 5(1) of the EC Merger Regulation and the Commission Consolidated Jurisdictional Notice of 10/07/2007.

³ [...]

⁴ The parties submit information regarding the Swedish daily newspaper readers market despite the fact that they consider this market to be irrelevant to the transaction due to the fact that "Metro" is a free newspaper and is not funded by subscriptions or the sale of single copies.

⁵ See Commission decisions in cases COMP/M.1401 – Recoletos/Unedisa of 1 February 1999, and COMP/IV/M.Gruner + Jahr Financial Times/JV of 20 April 1999.

⁶ See Commission decision in Case COMP/M.3420 GIMD/Socpress of 16 June, 2004, paras 10-15.

17. Finally, the Commission has indicated in the past that for each type of publication (national newspapers, regional newspapers and magazine), the sale of advertising space constitutes a separate market⁷.

B. Relevant geographic market

18. The parties' activities only overlap in the markets for (i) the sale of advertising space in daily newspapers in Sweden; and (ii) daily newspaper readers market in Sweden. On the basis of the information submitted in the Reasoned Submission, the relevant geographic market in this case is not wider than national in scope. MNS and its subsidiary publish the Swedish free daily newspaper "Metro". Schibsted on the other hand, is active on the Swedish paid daily newspaper market through the newspapers Svenska Dagbladet and Aftonbladet.
19. More specifically, the proposed Transaction concerns the joint sale of advertising space in the newspapers owned by the parties, which are only published in Stockholm. Thus, according to the parties it could be argued that the geographic market for the purpose of the present Transaction is even narrower, namely the Stockholm region.

C. Assessment

20. On the basis of the information provided by the parties in the Reasoned Submission, the proposed Transaction is an appropriate candidate for pre-filing referral from the Commission to the Swedish Competition Authority in accordance with Article 4(4) of the EC Merger Regulation.
21. The Transaction meets the legal requirements set out in Article 4(4) of the EC Merger Regulation. The Transaction is a concentration within the meaning of Article 3 of the EC Merger Regulation, it has a Community dimension and it may significantly affect competition in distinct markets in Sweden.
22. The relevant geographic markets present all the characteristics of a distinct market. The only activity of the target, MNS, is publishing the Swedish version of the free "Metro" newspaper. Schibsted, on the other hand, controls two Swedish newspapers (Svenska Dagbladet and Aftonbladet)⁸.
23. Moreover, the proposed transaction only affects the Swedish market for the sale of advertising space in daily newspapers and to a lesser extent, the Swedish daily newspaper readers market.
24. The only affected markets for the purpose of the present Transaction are therefore the distinct Swedish markets for (i) the sale of advertising space in daily newspapers and (ii) daily newspaper readers⁹. According to the parties, it could be argued that, since

⁷ See Commission decision in Case COMP/M.3420 GIMD/Socpresse of 16 June, 2004, para 17.

⁸ Neither Aftonbladet, Svenska Dagbladet nor the Swedish editions of "Metro" are published in any language other than Swedish.

⁹ A newspaper aimed at Swedish readers must be published in Swedish. Purchasers of advertising space in Swedish newspapers aim their commercial message at Swedish readers (Swedish consumers).

the two Schibsted newspapers, Svenska Dagbladet and Aftonbladet, and MNS's Metro are published in Stockholm, the affected markets are the Stockholm market for the sale of advertising space in daily newspapers published in Stockholm and the Stockholm's daily newspaper readers market. At any rate, there are no other affected markets in any other Member States.

25. The combined market shares of the parties on the Swedish market for sale of advertising space in daily newspapers would be approximately [10-20]% (MNS [5-10]%, Aftonbladet [5-10]% and Svenska Dagbladet [0-5]%). However, should the geographic market include only the Stockholm region, the parties' combined market shares would be approximately [20-30]-[30-40]%. As regards the Stockholm daily newspaper readers' market, the parties' combined market share would be approximately [40-50]% (MNS [20-30]%, Svenska Dagbladet [10-20]% and Aftonbladet [10-20]%).
26. In view of the foregoing, the principal effects of the proposed operation would be restricted to Sweden. Further, the markets in question present all the characteristics of a distinct market.

VI. REFERRAL

27. On the basis of the information provided by the parties in the Reasoned Submission, the case meets the legal requirements set out in Article 4(4) of the EC Merger Regulation in that the concentration may significantly affect competition in a market within a Member State which presents all the characteristics of a distinct market. The Commission notice on case referral in respect of concentrations¹⁰ (point 17) indicates that, in seeking a referral under Article 4(4), *“the merging parties are ... required to demonstrate that the transaction is liable to have a potential impact on competition in a distinct market within a Member State, which may prove to be significant, thus deserving close scrutiny”*, and that *“such indications may be no more than preliminary in nature...”*.
28. The Commission considers, on the basis of the information submitted in the Reasoned Submission, that the principal impact on competition of the concentration is liable to take place on distinct markets in Sweden, and that the requested referral would be consistent with point 20 of the notice.

¹⁰ OJ C 56, 05.03.2005, p.2.

VII. CONCLUSION

29. For the above reasons, and given that the Swedish Competition Authority has expressed its agreement, the Commission has decided to refer the Transaction in its entirety to be examined by Sweden. This decision is adopted in application of Article 4(4) of Council Regulation (EC) No 139/2004.

For the Commission
(signed)
Philip LOWE
Director General