



Determination No. M/04/056 of the Competition Authority, 28th October 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/056 – The proposed acquisition by NTL Group Limited of Virgin Net Limited

Introduction

1. On 28th September 2004 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby NTL Group Limited (“NTL Group”), a subsidiary of NTL Inc. would acquire sole control of Virgin Net Limited, a subsidiary of Virgin Media Group Limited (“the proposed acquisition”).

The Parties

2. NTL Group, the acquirer, is a UK based subsidiary of NTL Inc. The principal activity of NTL Group is to supply residential telephony, cable television, Internet access and interactive services and wholesale Internet access solutions for UK Internet service providers. NTL Inc. has the following subsidiary businesses in the State:
 - i. *NTL Communications (Ireland) Limited* (“NTL Ireland”) was formerly known as Cablelink Limited and is commonly referred to as NTL Ireland. It provides analogue and digital cable television services on its own network, multi microwave distribution services (“MMDS”), television services, broadband connection, telephony and business services.
 - ii. *National Transcommunications Limited* incorporated in England and Wales, supplies wholesale carrier services to Irish telecommunications businesses and also supplies small-scale private mobile radio communications services to Irish customers.
 - iii. *NTL Business (Ireland) Limited* is incorporated in England and Wales. Historically, it has been involved in supplying customer premises equipment services to customers in the State. However, this business has dwindled in recent times and is now negligible.
3. Virgin Net is an Internet service provider, offering access to the Internet to UK residents. Virgin Net offers three main services: “pay-as-you-go” Internet access; pre-paid unlimited monthly Internet access; and broadband access through a digital subscriber line (“DSL”). Virgin Net has very few customers in Northern Ireland and



does not have any sales or customers in the State. However, it is developing an access proposition for the Irish market

Analysis

Vertical Effects

4. NTL Ireland supplies broadband to customers via their cable network. Due to the fact that most of NTL Ireland's cable network is only capable of one-way transmission, and not two-way which is required for broadband, only a limited number of areas in Dublin can avail of NTL broadband. Virgin Net provides broadband via DSL. In order to provide broadband via DSL in the state, a third-party must lease the physical network from Eircom. The cost of leasing from Eircom is strictly regulated. Hence the proposed transaction will not alter the prevailing market structure within the state.

Horizontal Effects

5. There is no overlap between the parties' activities in the State. Virgin Net offers Internet access to UK residents under the trading name "Virgin.net". It has no sales or customers in the State. Moreover, in the State there are already a significant number of residential Internet service providers, such as Eircom, EsatBT/IOL, UTV Clicksilver, and Digiweb. Accordingly the proposed acquisition does not give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

October 28, 2004



The Competition Authority

An tÚdarás Iomaíochta