



DETERMINATION OF MERGER NOTIFICATION M/10/008 - LEBEDEV/INDEPENDENT

Section 21 of the Competition Act 2002

Proposed acquisition by Lebedev Holdings Limited of the business and assets of two UK newspaper titles *The Independent* and *The Independent on Sunday* and their online activities from Independent News and Media Limited.

Dated 09 April 2010

Introduction

1. On 25 March 2010, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Lebedev Holdings Limited ("LHL") would acquire, through its subsidiary Independent Print Limited ("IPL"), indirect sole control over the business and assets of two United Kingdom ("UK") newspaper titles *The Independent* and *The Independent on Sunday* and their online activities¹ ("Target Titles") from Independent News and Media Limited ("INM Ltd").
2. On 26 March 2010, the Authority forwarded a copy of the notification to the Minister and notified the undertakings involved in the proposed transaction that the Authority considered it to be a "media merger" within the meaning of section 23 of the Act.

The Undertakings Involved

The Acquirer

3. IPL, a wholly-owned subsidiary of LHL, was incorporated in England and Wales in February 2010 for the purposes of the proposed transaction. LHL is a holding company only, wholly owned by Mr. Evgeny Lebedev. LHL's business interests consist of a 70.1% voting interest in Evening Standard Limited ("ESL"), the publisher of *London Evening Standard*, a free daily newspaper available Monday-Friday only in central London and London airports.
4. *London Evening Standard* is not circulated in the State. In 2009, *London Evening Standard* generated a turnover in the State of approximately €444,973² from direct advertising sales³, mainly in its newspaper.

¹ The online activities referred to are: www.independent.co.uk, www.londoncareers.net, www.canarywharfcareers.co.uk and a number of registered but unused domain names.

² Using the relevant average annual ECB exchange rate for the year ending 31 December 2009 of €1=£0.89094, as provided by the parties.

The Target Titles

5. The Target Titles (*The Independent* and *The Independent on Sunday*) are UK national paid-for newspapers distributed on a daily and weekly basis, respectively. They are currently owned and published by INM Ltd, a wholly owned subsidiary of Independent News & Media Plc ("INM Plc"). INM Plc is an international newspaper and communications group incorporated in Ireland and quoted on the Irish, London and New Zealand Stock Exchanges.
6. The Target Titles are sold to customers in the State. For the year ending 25 December 2009, these titles generated a turnover in the State of approximately €500,823. Of this figure, approximately €112,241⁴ was generated from direct newspaper advertising sales on the Island of Ireland.

Rationale for the Proposed Transaction

7. The operating loss of the business and assets of the Target Titles, for the year ending 31 December 2009, was Stg£12.4 million⁵ and the consideration payable by IPL under the proposed transaction is Stg£1 (as part of the transaction IPL will receive a payment of up to Stg£9.25 million from INM Plc in consideration for accepting the business of the target titles and any related liabilities). INM Plc states that failure to complete the proposed transaction will result in the closure of the Target Titles.

Third Party Submissions

8. No submissions were received.

Analysis

9. There is no horizontal overlap in the State with respect to readership of newspapers as the *London Evening Standard* is only circulated within the central London area. The Target Titles are sold to a limited extent in the State. According to an ABC report⁶ containing newspaper circulation figures for newspapers sold in the State (including both UK and Irish titles), *The Independent* accounted for approximately 0.19% of total daily newspaper circulation and *The Independent on Sunday* accounted for approximately 0.16% of total Sunday/Weekly newspaper circulation.
10. There is minimal horizontal overlap in the sale of direct newspaper advertising. However, this is limited to the sale of direct newspaper

³ "Direct advertising sales" involves customers purchasing advertising space directly from the target titles and the *London Evening Standard*, rather than indirectly through UK-based advertising agencies, and includes advertising in both the newspapers and online.

⁴ *Supra*.

⁵ According to "INM Plc statement on London Independent Disposal" dated 25 March 2010. Available from: <http://www.inmplc.com/investor-relations/news/inm-statement-on-london-independent-disposal/>

⁶ ABC provides detailed circulation, distribution, attendance, traffic and related data across a broad range of media platforms. The figures provided are for the period July to December 2009.

advertising to Irish based customers who wish to target audiences in central London.

11. The Authority considers that the proposed merger is unlikely to raise any competition concerns in the State due to the minimal overlap of the activities of the parties in the State.

Determination

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Lebedev Holdings Limited would acquire, through its subsidiary Independent Print Limited, indirect sole control over the business and assets of two UK newspaper titles, *The Independent* and *The Independent on Sunday* and their online activities from Independent News and Media Ltd will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect, subject to section 23(9)(a) of the Act.

For the Competition Authority

Dr. Stanley Wong

Member of the Competition Authority