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EUROPEAN AUDIOVISUAL OBSERVATORY  
EUROPÄISCHE AUDIOVISUELLE INFORMATIONSTELLE

# MAVISE *EXTRA*

## Media ownership: towards Pan-European groups?

*June 2016*

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## Table of contents

Key findings .....	3
1 Introduction.....	6
2 Methodological Overview .....	7
3 Trends in the concentration of European broadcast and distribution markets .....	10
3.1 Developments in the concentration of TV audiences in Europe.....	10
3.2 Developments in the concentration of pay-TV in Europe.....	14
4 The pan-European market.....	17
5 Profiles of Pan-European groups.....	29
6 Sources .....	56

## List of tables

Table 1: Cumulated audience share of the main TV groups (2014) – in % .....	10
Table 2: Change in audience share of the 4 main TV channels & 4 main TV groups (2011-2014) - %..	13
Table 3: Cumulated pay-TV subscribers, share of the main TV groups (2014) – in %.....	14
Table 4: Change in subscriber share of the 4 TV groups (2011-2014) - % .....	16

## List of figures

Figure 1: HHI analysis of audience concentration by country (2014) .....	12
Figure 2: HHI analysis of subscriber concentration by country (2014) .....	15
Figure 3: Geographical footprint of “multi-country broadcasters” activities (with free to air channels) covered in report and their markets .....	20
Figure 4: Licensing hubs of a range of pan-European channel brands covered in this report (larger hubs with larger symbols) .....	24
Figure 5: Footprint of six distribution/ pay-TV companies (and their subsidiaries) included in the report.....	28
Figure 6: Company overview 21 <sup>st</sup> Century Fox and Sky Plc.....	31
Figure 7: Company overview Central European Media Enterprises .....	33
Figure 8: Company overview Deutsche Telekom .....	35
Figure 9: Company overview Discovery Communications .....	37
Figure 10: Company overview Liberty Global .....	39
Figure 11: Company overview Orange .....	41
Figure 12: Company overview RTL Group .....	43
Figure 13: Company overview Sanoma .....	45
Figure 14: Company overview The Modern Times Group and Viasat.....	47
Figure 15: Company overview Walt Disney .....	49
Figure 16: Company overview Time Warner, HBO and CEME .....	51
Figure 17: Company overview Vivendi.....	53
Figure 18: Company overview Viacom .....	55



## Key findings

- This report provides a first analysis of media ownership on the basis of the MAVISE database using its catalogue of companies and their relationships with the audiovisual media sector. The focus is on pan-European groups – those companies that operate across a range of countries in Europe, based on a selection of major players (15).
- As an introduction, a brief analysis of the levels of concentration at the national level in the broadcast and pay TV/ distribution markets is provided. The key findings in relation to broadcast markets are: that levels of concentration vary widely between countries; that over time (4 years) the fragmentation of audiences has led to a decrease in concentration at the level of individual channels.
- However the cumulated market share of the main TV groups has suffered less, indicating they have often managed to compensate the loss of audiences on their main channels via additional niche and digital channels. This finding varies between countries.
- Out of a sample of 30 European countries, the two main broadcasting groups in each market have, on average, 51% of the audience share, and the 3 main groups 64%. These levels of concentration vary strongly between countries.
- With regard to distribution: the levels of concentration also vary widely between countries; overall these markets are significantly more concentrated than the audience markets for broadcasting; and with regard to evolution over time there are less players in the market than four years ago. However the levels of competition between the national players imply that the markets are more evenly divided (in terms of subscribers) than previously.
- In seven countries just two distribution companies deliver TV services to more than 80% of subscribers. In 24 countries just two companies serve 50% or more of the national subscriber homes. The six distribution companies presented in this report provide pay-TV services to 50% of EU pay-TV homes.
- It is difficult to quantify the number of what might be called pan-European broadcasters due to the complexities of ownership and the existence of “groups within groups”. However an assessment would suggest there are in total 13 significant media groups (plus their important subsidiaries which are also pan-European groups) that operate throughout Europe. This report makes reference to 9 of these major groups (and their subsidiaries).
- The pan-European broadcasting groups examined in this report have been categorised into two groups on the basis of their activities: a group of “multi-country broadcasters” who tend to own some of the most important free to air



broadcasters in their range of markets: and the pan-European broadcasters who own the well-known “brand channels” that are distributed throughout Europe.

- The emergence of such **“multi-country” broadcasting groups** has come as a response to several opportunities: the development of strong national companies (often in a liberal regulatory environment); the privatisation of European television markets; the opening of new markets in Central and Eastern Europe; and sometimes the weakness of the PSB in the markets where they operate.
- Their strategies include: building audiences and revenues; developing economies of scale in the form of efficiencies in production, content acquisition, rights acquisition, advertising sales etc.; focusing on regions with potential similar taste (cultural consumption) in terms of content; and overall the widening of the distribution of own content. The three main “multi-country” broadcasters in this report are major players (in the top 4 regarding audience share) in 17 European countries.
- More recently these broadcasters have been consolidating operations (less countries of operation, or centralisation of operations in one country); entering the on-demand market (catch-up television and other on-demand services); extending interests in, or buying interests in TV production companies; buying into new digital assets (for example internet advertising).
- For the **pan-European “brand” broadcasters**, their development has been the response to another set of opportunities including: privatisation of European broadcast markets; development of cable and satellite distribution services removing the capacity scarcity; ownership of “desirable content” to fill this capacity (films, music); the development of the European single market (Television Without Frontiers Directive/ Audiovisual Media Services Directive); and hence the ability to establish holding companies, and establish broadcasters wherever convenient (for both regulatory and fiscal reasons).
- Strategic moves have included: the desire to increase distribution and revenue; to move closer to the final customer (and therefore capture a higher share of the added-value) by launching channels rather than merely selling programmes; and by extension to develop from a US brand channel in Europe to European channels, and often to further decline into national versions of these brands.
- In recent times, their strategies have been: to also buy national channel brands; enter into joint ventures (JV) with powerful distribution companies; extend interests in, or buy interests in TV production companies; buy into the linear TV content of greatest value – sport channels; and hence accumulate sports rights; launch on-demand services online; and strengthen distribution agreements with the major distribution companies and major VOD services.
- The development of **pan-European distribution groups** has been influenced by a range of circumstances including: market liberalisation; a potential easing of regulation of concentration to allow for economies of scale to promote digitisation of networks which is a costly business; the slow development of free to air DTT



systems in several countries opened the way for growth in the pay satellite sector; liberalisation and privatisation of national telecommunications markets; digitisation and convergence, and the development of broadband networks which facilitated telecommunications services' delivery of audiovisual content.

- The pan-European distribution companies in this report include cable and satellite operators, and telecommunications operators involved in the IPTV, and sometimes also the cable and satellite markets. In choosing the companies to include in the report, it was noted that there are 15 major companies who have a presence in three or more markets in Europe and serve 68% of pay-TV homes in the EU. Six are profiled here (and as noted above they serve 50% of EU pay-TV homes).
- Pan-European distributors also benefit from specific economies of scale: wider geographical spread implies more subscriber revenues and the possibility to develop infrastructure; opportunity to create synergies in technology development and in particular the development of set-top boxes; harmonisation of devices and their functionalities also leads to a certain harmonisation of services.
- It is important to note that the majority of distribution companies are also strongly vertically integrated into the value chain of audiovisual services – they are producing and packaging (TV channels and/or on-demand services) as well as distributing content. Where the companies are vertically integrated and have own brand channels (or production), they benefit from guaranteed distribution revenues.
- Strategic moves have included entering into joint ventures (JV) with important content companies; development of “own channels” with premium content (film and sport); acquiring (or investing in) national broadcasters; extending interests in, or buying interests in TV production companies; developing regional on-demand brands
- For all the pan-European groups in this brief, the scope of this analysis did not include an examination of content, or the potential to maximise content revenues via distribution across Europe – i.e. the extent to which the same content is provided in a range of markets and the potential influence on media pluralism (this would imply examining TV schedules of multi-country broadcasters, or examining the line-ups of pan-European distributors in each market).
- It is possible to assume that such synergies (with regard to content) are more easily achieved for pan-European brands, (and pay TV channels), when compared to free to air channels, due to less regulatory obligations regarding programming and less of a necessity to address a national market with regard to content and taste. In addition, it is also possible to assume that such internationalisation of content is more easily achieved for VOD services, in particular given the increase in “one brand” VOD services being launched in a range of countries (by broadcasters, pay-TV operators or distributors).



# Media ownership: towards pan-European groups?

## 1 Introduction

The purpose of this brief report was to provide a first sample of the types of analyses that are possible on the basis of the MAVISE database. MAVISE has three central pillars: firstly, it is a repository of audiovisual services (TV channels and on-demand audiovisual services); secondly it provides an association of these services with companies and the larger media groups that hold ownership of these companies; and thirdly it presents an overview of the distribution of audiovisual services throughout Europe on the basis of channels and services available on different platforms (DTT free and pay, cable, IPTV, pay satellite, free satellite and OTT on-demand platforms). In addition, the companies involved in the distribution of services are catalogued in the MAVISE database and also linked to larger groups.

This report focuses on those companies (both providers and distributors of audiovisual services). In the context of other research and policy concerns regarding media pluralism, this type of data is useful for mapping the media landscape and allowing for questions to be addressed regarding the pluralism of content and the links between content production, acquisition, packaging (on TV or on on-demand) and distribution.

The decision to focus on pan-European groups illustrates the specific value of the MAVISE database whose coverage is 40 European countries (members of the European Audiovisual Observatory) and hence provides a unique possibility to link broadcasters or cable operators that operate across different countries. As outlined in the Methodology (chapter 2), this first **MAVISE Extra** report on ownership is focused on a large sample of companies (15) and does not provide a complete comprehensive picture of all actors active in the field.

An overview of the state of play of concentration at the national level introduces the report (chapter three) focusing on broadcasting markets (audience shares) and pay TV/ distribution markets (shares of subscribers to TV packages). The development of concentration over time is also presented.

Such an analysis cannot be so easily carried out at the European level, in particular with regard to broadcasting. Chapter 4 provides an analysis of the groups selected for this first report. The development of pan-European media groups is outlined with regard to the opportunities and strategies that brought them into being. The more recent strategic behaviour of these groups in response to the current challenges and opportunities in the media landscape are then examined.

Chapter five provides the profiles of 15 media groups operating at the pan-European level, some of which are broadcasters, some are distribution companies and many are both providers of audiovisual services and distributors of audiovisual services. Finally, a link between the large groups examined in chapter four and the levels of concentration outlined in chapter three is indicated with reference to whether these groups are major players in a range of countries.



## 2 Methodological Overview

This chapter outlines the methodological framework for the report.

### Overview of the state of play regarding concentration of audiovisual markets

As an introduction to the main focus on pan-European media groups, this report first provides recent data on the levels of concentration in the broadcasting and distribution markets in Europe. On the basis of data gathered in the Yearbook of the European Audiovisual Observatory 2015<sup>1</sup> it is possible to indicate per country: the size of the combined share of the audience market held by the top channels and the top broadcasting groups; and the combined shares of the top players in the pay TV market.

The report also illustrates the evolution over the last four years in order to indicate the extent to which these levels of concentration have been growing or receding.

National data with regard to the market shares of the most important players in the video on demand sector are much more difficult to provide, and hence have not been dealt with here.<sup>2</sup>

### Choice of sectors and media groups

This report will map several of the main pan-European actors in audiovisual broadcasting and in audiovisual distribution. The geographical reach of the companies, their audience shares (according to company reports, or audience research data), and/or their market shares in the distribution markets (according to company reports, or third party market research data) will be outlined.

The object is not to cover all significant pan-European media groups but to provide a first sample of some of the main players.

#### Pan-European broadcasting groups

There are a growing number of pan-European broadcasting groups and they fall into two major categories:

- pan-European groups with channels that play an important role in various national markets (for example CEME, RTL, MTG) and tend to be generalist channels with a high market share. These may be more appropriately referred to as **multi-country broadcasters**
- pan-European groups with a range of specific niche brands that are available throughout Europe (for example Discovery, Viacom, Time Warner, 21<sup>st</sup> Century Fox) and are most often subsidiaries of the major US media groups

Additional pan-European media groups with a presence throughout Europe with well-known niche TV brands could also include AMC Networks, NBC International, Scripps Networks, etc.

As is apparent from the title, “pan-European groups” will not include many significant national players that are focused only on their national markets. In particular, the public service broadcasters

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<sup>1</sup> Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

<sup>2</sup> An extensive report on the development of SVOD markets produced by the European Audiovisual Observatory: *The SVOD market in the EU developments 2014/2015* is available [here](#)





are focused on the national markets (with the exception of their international channels, and certain channels of BBC Worldwide that target the Nordic states and Poland).

Also several major European private television companies such as ITV Plc and TF1 do not qualify as pan-European broadcasters despite being in the top 15 of European TV groups<sup>3</sup>, as they are focused on national markets.

### Significant pan-European distribution platforms

The delivery of audiovisual services to the home (for paid subscription) by the traditional operators such as cable and satellite (and more recently IPTV) is facing competition from services accessible directly over the Internet (OTT). However, the data show that these traditional platforms are still serving the vast majority of European homes. In addition, they are also frequently the *providers* of those Internet connections to the home (particularly in the case of cable and telecommunications companies).

An analysis has been carried out on six of the 15 most important pan-European distribution groups<sup>4</sup>, with a main focus on cable, satellite and IPTV platforms – the latter being the more recent entrants to this market.

With the digitisation of delivery systems for telecommunications services and the development of broadband networks, telecommunications companies have entered the audiovisual sector and now deliver audiovisual content. The first IPTV services appeared on the market between 2002 and 2004 (for example in France, Norway and Belgium).

Many of the major telecommunications companies also added pay TV channels to their assets delivering sport and film content to their customers. This was followed by the establishment in some cases of their own on-demand services to provide catch-up or VOD directly to their subscribers alongside third party content.

*Telecommunications operators have often entered these markets with IPTV offers, and, in order to increase their reach more rapidly, have acquired cable networks to distribute their services with the intention of managing the technological convergence between cable and IPTV.*<sup>5</sup>

Two companies were chosen as examples for this report: Deutsche Telekom and Orange (France Telecom).

Other examples of such companies are Vodafone (with IPTV and/ or cable interests in Germany, Portugal and Spain), Telekom Austria (with IPTV and/ or cable and/or satellite interests in Austria, Bulgaria, Croatia and Slovenia), and Telefonica (IPTV in the Czech Republic and Spain). Major national players (focused only on their own markets) such as British Telecom are not included.

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<sup>3</sup> See: "The 50 leading European television groups" in Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

<sup>4</sup> Pan-European or multi-country in terms of operating in at least three countries. These are Altice, Deutsche Telekom AG, Liberty Global Group, M7 Group, Orange (France Telecom), RCS/RDS, Sky Plc, Telefonica, Telekom Austria Group, Telenor, Teliasonera, United Media Group, VIASAT/ Modern Times Group, Vivendi, and Vodafone Group plc.

<sup>5</sup> See: "TV distribution platforms: competition and complementarity" in European Audiovisual Observatory [Yearbook 2015 Key Trends](#):



## Data collection

### Mapping services and checking ownership

On the basis of the MAVISE database, the company reports and profiles of the main companies, and the AMADEUS database, the major media groups and their subsidiaries are presented visually and described in the texts.

### Market shares: Audiences

Audience data and market shares are mainly based on information from company websites and reports (supplemented by data from Médiamétrie).

### Market shares: subscribers

Subscriber data for distribution companies is sourced on company websites and reports (supplemented by data from Ampere Analysis)

Data on broadband TV homes for companies delivering broadband are accessed, where available, from company websites and reports.

Overall European totals for pay TV and for number of households, number of broadband households, and number of pay TV households are published in the *Yearbook of the European Audiovisual Observatory 2015* based on IHS data.

### Market shares: Advertising (only where available)

This report will provide a limited overview of shares of the advertising markets as this data is not so easy to access on a group by group basis. Where broadcasters provide this information themselves, this will be added to the data of the group.



### 3 Trends in the concentration of European broadcast and distribution markets

This first section provides an overview of the state of play regarding the concentration of national markets throughout Europe and highlights some of the major trends in the last 4 years. It focuses on two key indicators:

- The concentration of the television audience market;
- The concentration of the pay-TV market based on the analysis of subscriber portfolios.

Further analysis based, on the one hand on the concentration of television advertising, and on the other hand on pay-TV revenues should complement this first approach. But comprehensive sets of data are not available at this stage.

#### 3.1 Developments in the concentration of TV audiences in Europe

In this section, we look at the concentration of television audiences in Europe, with a focus on the 2011-2014 time period. We analyse the cumulated audience share of the main TV groups in a sample of 30 European countries for which the data is available. We use two main indicators: the cumulated audience share of the 2, 3 or 4 main groups; and the Herfindahl-Hirschman Index.

##### Weight of the main groups on the audience market

Out of a sample of 30 European countries, the two main broadcasting groups have on average a 51% share of the audience, and the 3 main groups 64%. But the concentration strongly varies between countries: the 3 main groups account for, from 30.3% of the audience in Austria, up to 82.9% in Portugal.

Table 1: Cumulated audience share of the main TV groups (2014) – in %

Country	Audience share of the main broadcasting groups <sup>6</sup>			
	Main group	2 main groups	3 main groups	4 main groups
AT	12,9	22,1	30,3	36,7
BA	11,7	23,1	32,8	41,8
BE (CFB)	21,8	41,8	48,9	54,4
BE (VLG)	17,2	34,4	45,1	60,8
BG	27,7	40,7	47,3	52,7
CY	18,8	37,2	54	61,1
CZ	26,8	44,1	50,8	55,9

<sup>6</sup> The audiences of niche channels are not systematically tracked and therefore may not be included in the global audience of the groups they belong to. Figures in this table should therefore be considered as minimum.



Audience share of the main broadcasting groups <sup>6</sup>				
Country	Main group	2 main groups	3 main groups	4 main groups
DE	18,8	35,7	52,2	67,2
DK	27,8	43,9	57,9	63
EE	33,6	46,6	59,1	68,7
ES	26	48,3	67,5	72,3
FI	34,5	47,6	59,1	68,6
FR	30,1	46,9	66,8	71,7
GB	33,1	54,7	67	68,7
GR	24,7	46,8	64,7	81,1
HR	28,6	52,2	70,8	73,5
HU	32,2	57,7	64,2	67,4
IE	31,4	55,7	65,9	75,8
IT	28,3	56,1	68,8	76,8
LT	33,2	57,1	70,6	74,6
LV	29,3	52,7	71,4	87,2
MK	28,5	56,8	77,9	79,6
MT	39,3	56,6	67,1	76,4
NL	37,3	59	69,6	78,2
PL	36,9	63,2	71,1	75,5
PT	31,7	61,7	82,9	87,5
RO	34,5	63,5	80,8	92,6
SE	37,6	70,3	74,5	78,3
SI	39,6	69,7	81	85,7
SK	42,9	67,1	81,6	86,6
TR	36,4	70,1	80,6	91,1
<b>Average</b>	<b>29,5</b>	<b>51,1</b>	<b>63,9</b>	<b>71,3</b>

Source: Observatory analysis of Mediametrie/Eurodata TV data

To more accurately measure the concentration of audience, we use the Herfindahl-Hirschman Index. The Herfindahl-Hirschman Index (HHI) is used in particular by the Competition Authorities to measure market concentration in particular in the context of the analysis of merger projects. The HHI is calculated by summing the squares of the individual market shares of all the firms in the market. The HHI gives proportionately greater weight to the market shares of the larger firms<sup>7</sup>. In the case of merger assessment, the change in HHI is used in combination with the HHI. But the HHI itself “gives an initial indication of the competitive pressure in the market post-merger”.

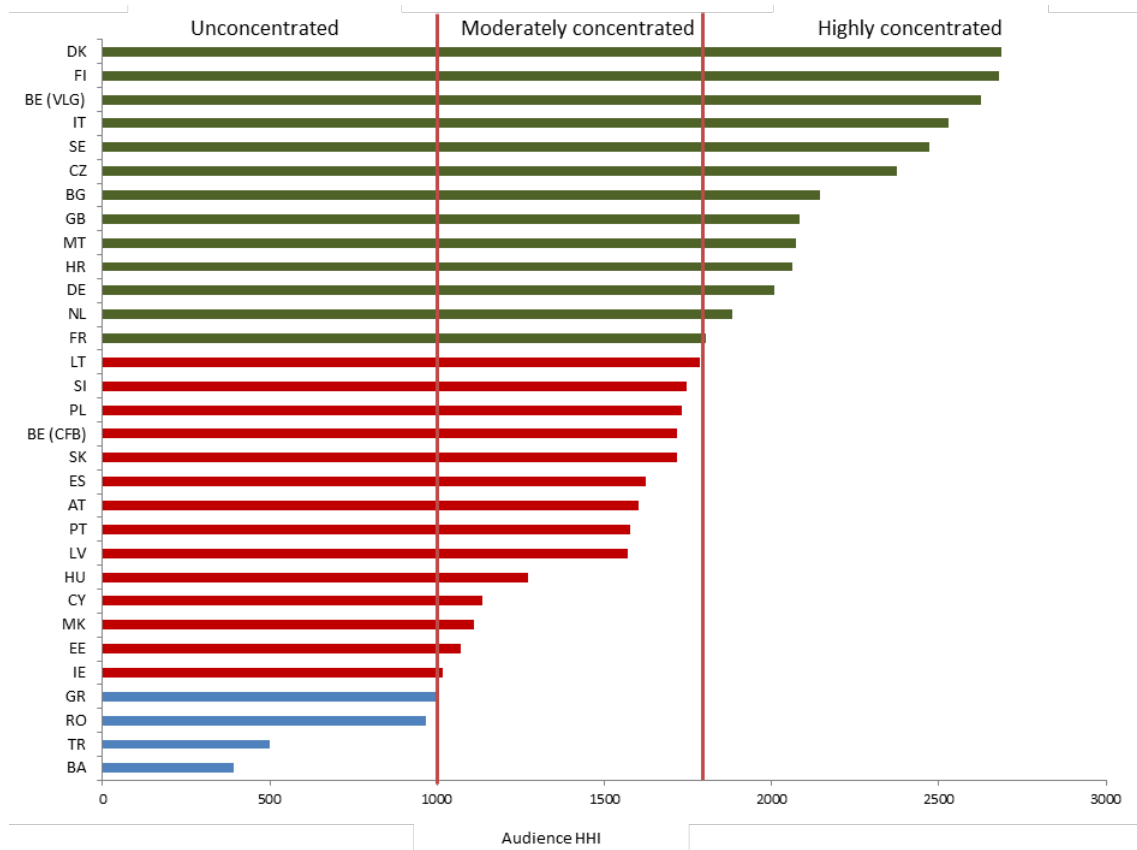
It is generally considered that a market with a HHI lower than 1000 is not concentrated; that a market with a HHI between 1000 and 1800 is moderately concentrated; and that a market with a HHI over 1800 is highly concentrated.

<sup>7</sup> Source: EC (2004): “Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings [Official Journal C 31 of 05.02.2004]”: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3A126107>



The following figure represents the concentration of television audience shares in a selection of European countries based on the HHI. The use of this indicator again demonstrates the variety of situations in Europe. It also shows that the audience market is highly concentrated in a significant number of countries: 13 out of the 30 European countries of the sample have a HHI over 1800.

Figure 1: HHI analysis of audience concentration by country (2014)



Source: Observatory analysis of Mediametrie/Eurodata TV data

### Evolution of audience concentration

The fragmentation of audiences, due to the multiplication of the number of TV channels, has led to a slight decrease of the concentration over the last 4 years. On average, the cumulated market share of the 4 main TV **channels** has decreased by 4.3% between 2011 and 2014. But the cumulated market share of the main TV groups only decreased by 1.8% over the same period, indicating that the leading broadcasting groups have managed to launch (or acquire) niche channels to compensate for the loss of audience of their main channels.



Table 2: Change in audience share of the 4 main TV channels &amp; 4 main TV groups (2011-2014) - %

Country	2011-2014 change cumulated market shares	
	Cumulated market share of the 4 main TV channels (%)	Cumulated market share of the 4 main TV groups (%)
AT	-3,2	-5,6
BE (CFG)	-5,0	-0,5
BE (VLG)	-3,9	-1,6
BG	-5,3	-2,3
CH (French speaking)	-0,8	-2,5
CH (German speaking)	0,7	-6,6
CH (Italian speaking)	0,1	-5,9
CY	-3,8	-4,6
CZ	-11,9	-0,7
DE	-1,1	-1,7
DK	-0,2	6,4
EE	-3,2	-6,0
ES	-1,0	-1,0
FI	-5,9	-2,9
FR	-2,6	0,7
GB	-1,0	-3,8
GR	0,3	-6,1
HR	-9,8	-1,7
HU	-10,6	-3,3
IE	-7,2	-6,1
IS	-1,1	1,6
IT	-6,5	-9,3
LT	-4,6	13,9
LV	-6,7	11,8
MK	-0,7	1,3
NL	-0,4	-7,9
NO	-1,2	4,8
PL	-15,0	-9,7
PT	-14,2	-11,7
RO	4,5	0,5
RU	-8,3	9,2
SE	0,2	0,7
SI	-6,4	-6,6
SK	-10,7	-3,2
<b>Average</b>	<b>-4,3</b>	<b>-1,8</b>

Source: Observatory analysis of Mediametrie/Eurodata TV data



## 3.2 Developments in the concentration of pay-TV in Europe

In this section, we look at the concentration of pay-TV and distribution of content in Europe, with a focus on the 2011-2014 time period. We analyse the cumulated audience share of the main TV groups in a sample of 27 European countries for which the data is available. We use two main indicators: the cumulated pay-TV subscribers' share of the 2, 3 or 4 main groups; and the Herfindahl-Hirschman Index.

### Weight of the main groups on the pay-TV market

Out of a sample of 27 European countries, the two main TV groups gather on average 42% of subscribers, and the 3 main groups 68%. But the concentration strongly varies between countries: the 3 main groups account from 50% of subscribers in Austria, and up to 100% in Cyprus, Greece, Ireland, Italy and Malta.

Table 3: Cumulated pay-TV subscribers, share of the main TV groups (2014) – in %

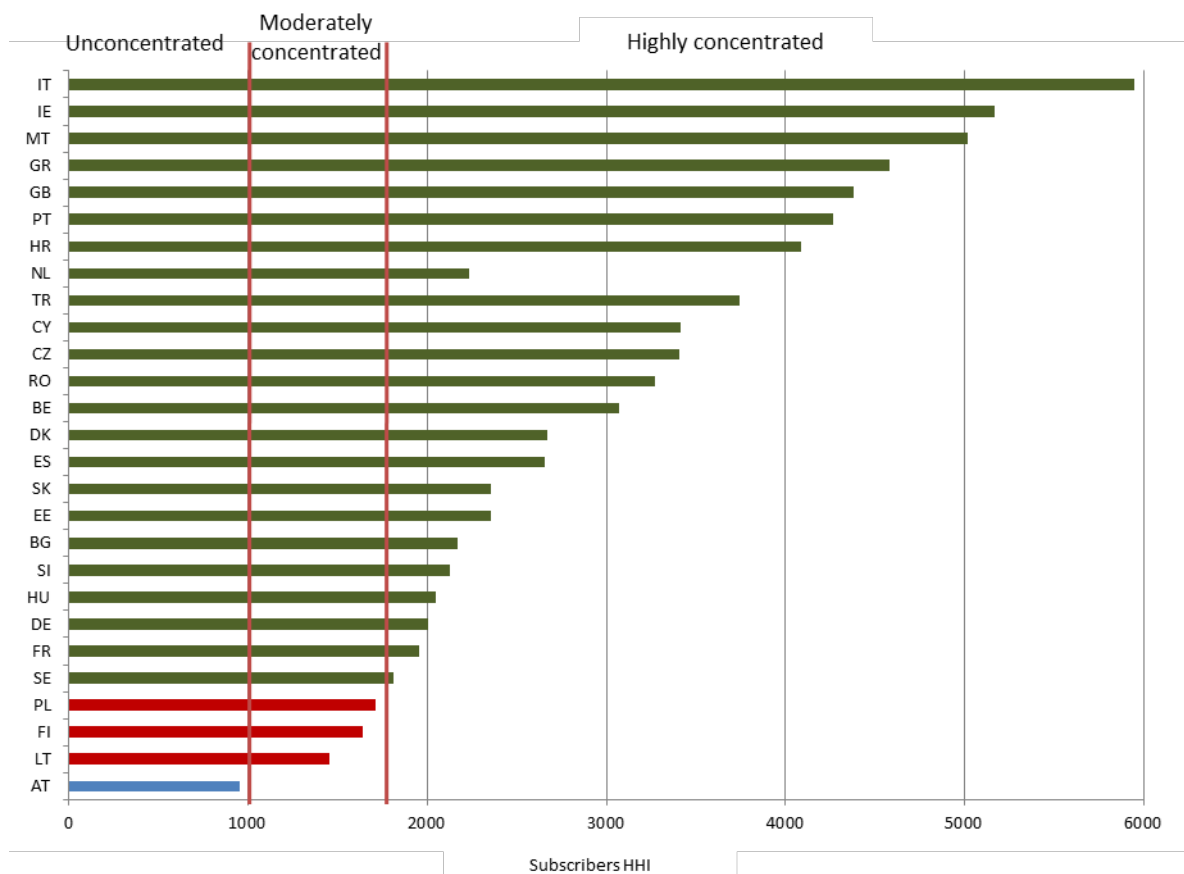
Country	Pay-TV subscribers share of the main groups			
	Main group	2 main groups	3 main groups	4 main groups
AT	23	38	50	55
BE	44	72	89	94
BG	39	58	74	78
CY	37	74	100	100
CZ	51	70	86	100
DE	31	57	72	81
DK	46	61	73	84
EE	34	58	77	89
ES	38	69	85	87
FI	28	51	66	76
FR	24	47	69	86
GB	61	84	93	100
GR	55	94	100	100
HR	58	83	90	94
HU	27	54	78	82
IE	63	97	100	100
IT	73	99	100	100
LT	26	43	57	70
MT	53	100	100	100
NL	35	56	77	87
PL	31	51	64	74
PT	47	92	99	100
RO	50	71	88	90
SE	36	50	63	74



Country	Pay-TV subscribers share of the main groups			
	Main group	2 main groups	3 main groups	4 main groups
SI	34	60	76	82
SK	40	62	74	85
TR	54	75	94	99
<b>Average</b>	<b>42</b>	<b>68</b>	<b>81</b>	<b>88</b>

Here again we use the Herfindahl-Hirschman Index to measure market concentration. The following figure represents the concentration of pay-TV subscription in a selection of European countries based on the HHI. The pay-TV market (measured in terms of subscribers) appears to be significantly more concentrated than the audience market: 22 out of the 27 European countries of the sample have a HHI over 1800.

Figure 2: HHI analysis of subscriber concentration by country (2014)



Source: Observatory analysis of Ampere data





## Evolution of pay-TV concentration

On average in the 27 European countries of the sample, the subscribers' share of the 4 main TV groups has increased by 3.9% between 2011 and 2014, and it increased in 17 countries of the sample. However the average HHI slightly decreased during the same period, indicating that the competition between the main groups has led to more balanced subscribers shares between them. This is corroborated by the fact that the average market share of the main group has decreased.

Table 4: Change in subscriber share of the 4 TV groups (2011-2014) - %

2011-2014 change in the market share of groups				
Country	Top group	Top 2 group	Top 3 groups	Top 4 groups
AT	-1,6	0,5	2,2	1,6
BE	-3,9	1,1	0,4	-0,3
BG	-0,4	-0,2	9,9	12,2
CY	-5,0	2,2	-1,1	-1,1
CZ	1,9	3,8	8,7	10,7
DE	-5,1	-8,2	-5,0	-2,2
DK	-4,5	-5,7	-1,2	1,5
EE	3,2	0,3	4,7	3,7
ES	-1,1	9,4	6,6	0,7
FI	-3,6	1,0	3,2	5,1
FR	-0,8	1,5	3,7	7,6
GB	-5,9	-8,4	-4,7	-0,1
GR	-31,2	-3,8	0,0	0,0
HR	-1,3	3,2	0,1	1,5
HU	2,7	6,3	8,2	9,3
IE	2,4	-2,9	0,0	0,0
IT	4,2	5,0	2,7	0,5
LT	2,7	7,3	9,7	12,3
MT	-3,3	0,0	0,0	0,0
NL	-5,5	-8,2	1,1	-0,3
PL	0,8	6,9	6,7	5,9
PT	-6,8	2,2	0,0	0,3
RO	-1,6	-0,9	-3,0	-0,7
SE	3,2	5,0	8,3	9,3
SI	7,4	6,1	8,4	9,6
SK	12,2	9,6	7,2	13,6
TR	-2,3	-10,3	-5,5	-1,1
<b>Average</b>	<b>-1,6</b>	<b>0,9</b>	<b>2,6</b>	<b>3,7</b>

Source: Observatory analysis of Ampere data



## 4 The pan-European market

Section five of this report provides profiles of a selection of significant media groups operating in Europe (in the fields of broadcasting, on-demand and audiovisual service distribution). The selection is by no means exhaustive and includes six of the 15 most important pan-European distribution groups. This list of 15 would include Altice, Deutsche Telekom AG, Liberty Global Group, M7 Group, Orange (France Telecom), RCS/RDS, Sky Plc, Telefonica, Telekom Austria Group, Telenor, Teliasonera, United Media Group,<sup>8</sup> VIASAT/ Modern Times Group, Vivendi, Vodafone Group plc.

With regard to broadcasting, the same applies: a range of broadcasting groups have been selected which represent a significant number of the groups that operate across Europe. This number is much harder to quantify due to the complexities of ownership and the existence of “groups within groups”. However an assessment would suggest there are 13 significant media groups who have subsidiaries that are also important pan-European groups. These include, with significant subsidiaries in brackets: 21st Century Fox (Sky Plc, Fox International channels), AMC Networks, Bonnier (C-More entertainment), Discovery Communications (Eurosport), Modern Times Group (Viasat), NBC Universal, RTL Group, Sanoma, Scripps Networks, Sony Corporation (SPTI), Time Warner Inc. (Turner Broadcasting, Central European Media Enterprises, HBO), Viacom Inc. (MTV Networks), Vivendi (Canal+), and Walt Disney Inc. (AETN, Disney ABC). Of these 13 parent groups, nine are included in our country profiles (plus their main subsidiaries).

Regarding broadcasters, there are a growing number of such groups and they fall into two major categories: multi-country broadcasters and pan-European channel brand groups.

### Multi-country broadcasters

The multi-country broadcasters are pan-European actors with channels that play an important role in various national markets (for example CEME, RTL, MTG, Sanoma) and tend to be generalist free to air channels with a high market share. In addition the general strategy of these groups has been to establish companies in each country to launch channels, or buy into existing channels (and eventually increase ownership shares). Most of these companies have also developed niche channels which may be available free to air over the DTT networks (since the implementation of digital terrestrial television) or as pay-TV over the cable, satellite and IPTV platforms. Some of these types of companies are “home-grown” European companies, while others are the subsidiaries of US groups.

### The potential strategic reasons for the development of multi-country groups

1. These major companies **are constantly seeking growth markets** in which to develop when their established markets reach maturity. The strategies are also driven by opportunities:
  - a) For example, RTL, a pioneer in broadcasting and particularly radio, established in a country with no public service broadcaster had the opportunity to develop into a strong company long before most other European markets were liberalised
  - b) Privatisation of television in neighbouring markets: Belgium, the Netherlands, Germany and France provided opportunities for expansion for RTL. The Modern Times Group followed a similar pattern in its neighbouring Nordic states

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<sup>8</sup> The United Media Group operates distribution companies in Slovenia, Montenegro, Bosnia and Herzegovina, and Serbia (and has a range of sports channels established in Luxembourg that target these countries).



- c) The opening up of new markets in Central and Eastern Europe from the early 1990s provided major opportunities for the media sector to expand and invest. The Modern Times Group followed this strategy of investment in the emerging economies of the Baltic States. Indeed CEME was specifically founded in order to establish television services in the Czech Republic and this was followed by other central and eastern European countries
- d) Entering markets with weak public service broadcasters. As noted above, RTL grew in an environment with no public broadcaster. The emerging markets of central and eastern Europe needed to go through the process of transforming state television into public service broadcasters. In some cases, this has been successful in terms of audience shares and position on the market. In others, the levels of audience shares of PSB are very low: with 20% or less in EE, HU, LV, SK, and 10% or less in BG, LT, and RO
- e) Potential light regulatory regimes. Media markets in the Nordic countries and Luxembourg exist in a liberal regime – allowing strong dominant companies to grow. At the same time, the regulatory structures in the new democracies in the east were established after most of the investment in media took place.

2. Of course the purpose of expansion is to **build audiences and revenue**. Being a first entrant in a market, or buying into an existing channel allows the possibility to become a leading player. This is not without risk as the profile of the CEME (below, page 32) highlights the range of investments of the company which were quickly divested.<sup>9</sup> The dominance of CEME in each of its national markets is apparent in the prime-time audience shares (extending from 30% to 44%) in the various markets.

The data for RTL (page 42) shows its success as it commands between 20 and 30% of the national daily audience share in Belgium, Croatia, Germany, Hungary, Luxembourg and the Netherlands.

For the Modern Times Group (MTG) the figures (page 46) show that the free to air channels in Sweden and Denmark take 25-30% of their “target audience” shares; in the Czech Republic and Bulgaria these shares rise to 37% and 45% respectively; in the Baltic states the channels of the MTG have 50% of “target audience” share in each of these markets.

Establishing how these shares translate successfully to advertising revenues is less easy to evaluate. In the case of CEME, as their corporate website provides very transparent information on the shares of advertising revenue, it is possible to do so. The average proportion of the prime time audience share that they have in 6 markets is 37%. The average proportion of the share of TV advertising revenue that they claim in the 6 markets is 63%.

3. Expansion and growth is generally rewarded with **economies of scale**. These may be in the form of efficiencies in production, content acquisition, rights acquisition, advertising sales etc.

In the context of this brief report, it was not possible to examine the type of content that multi-country broadcasters offer on the channels that serve each of their national markets.

An assumption would be that the broadcaster would have to balance market specificities (in culture and taste), regulatory requirements (particularly regarding free to air television), and the ability to spread own productions, acquired programmes, and rights across a range of territories.

Operating in specific regions: “Nordic”, “Baltic”, “Benelux”, “Balkan”, “Central Europe” is the first approach to aligning channels/content with potential regions of similar culture and taste.

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<sup>9</sup> ProsiebenSat1 is another company that divested most foreign broadcaster interests in 2013.



The companies with interests in, or ownership of major production companies will want to spread their content in the group and to other major competitors. The same is true for TV formats developed and/or required.

It is also possible to assume that such synergies are more easily achieved on the pay TV channels of these operators rather than on the free to air channels (less regulatory obligations regarding programming, less need to address a national market with regard to content and taste).

### **Current challenges and strategies of multi-country groups**

The “multi-country” groups, as is clear from above, are strong players in each of the national markets. With regard to free to air TV, they are facing several challenges: of decreasing audiences; competition for advertising revenue (although to a lesser extent than other media types such as print and magazine); need to develop online presence; financial and economic crises.

With regard to pay TV channels, they are facing several challenges: competition from new players regarding content; changing consumption patterns towards non-linear viewing; the need to adapt to new competing modes of distribution.

In relation to the strategies above and these challenges, the most recent activities of these groups have included:

- Launching catch-up television (and other on-demand) services to capture larger audiences and respond to the changing consumption habits
- Divesting operations in several markets (MTG, Sanoma) to focus on key businesses
- Consolidating companies into less countries. Although RTL broadcasts in nine countries, the majority of its channels for Luxembourg, Belgium, the Netherlands and Hungary are now all licensed and established in Luxembourg (RTL)
- At the same time seeking (or perhaps flooding) light regulatory regimes (see above)
- Extending interests in, or buying interests in TV production companies (MTG, RTL). (This is also a strategy of major national players such as ITV Plc in the UK, which has bought into several US production companies in 2014-2015)
- Buying into the new (algorithmic) advertising markets in response to the fear of the challenge of Internet advertising (RTL acquisition of SpotX in 2014)
- A range of pan-European broadcasters have also bought into the “multi-country group model” (Discovery, Viacom, Vivendi etc. See next section), as has the cable operator Liberty Global (in Ireland and the UK, see third section of this chapter)

The figure overleaf provides the **geographical footprint** of the main multi-country broadcasters: RTL Group, CEME, Modern Times Group and Sanoma (plus those pan-European “brand” groups who have some “multi-country” investments see also next section).

The four groups RTL Group, CEME, Modern Times Group and Sanoma are major players (in the top 4 regarding audience share) in 19 European countries (RTL Group, CEME and Modern Times Group are major players in 17 countries).

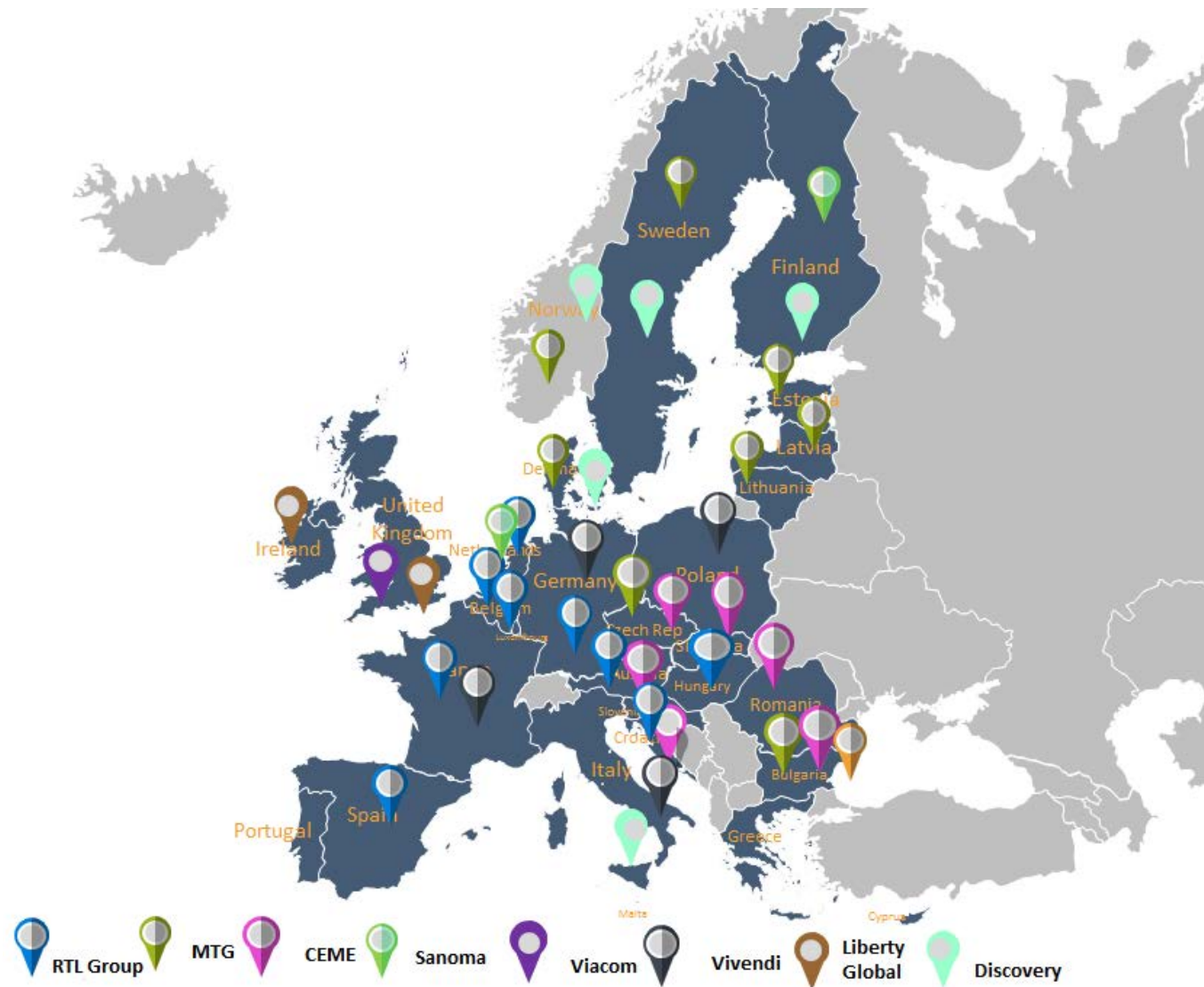


Figure 3: Geographical footprint of “multi-country broadcasters” activities (with free to air channels) covered in report and their markets

## Pan-European brand groups

The pan-European groups tend to have a range of specific niche brands that are available throughout Europe (for example groups such as Discovery, Viacom, Time Warner, The Walt Disney Company, and 21<sup>st</sup> Century Fox),<sup>10</sup> and are most often subsidiaries of the major US media groups. In contrast to the multi-country broadcasting groups, pan-European groups tend to establish in one or two European countries as a hub from which to licence their pan-European channels for broadcast throughout Europe. Such hubs include the UK, the Czech Republic, the Netherlands and to a lesser extent Spain and Bulgaria. From an organisational point of view, it is rational that such hubs exist as a company will not want to set up offices and deal with licensing authorities in 28 countries. The reasons for the choice of hubs are varied and some are indicated below. For the arrival of most US channels in Europe, the first starting point was the UK, which may also have been influenced by a common language.

### The potential strategic reasons for the development of pan-European broadcast groups

1. Again an example of major companies that ***are constantly seeking growth markets*** in which to develop when their established markets reach maturity. The strategies are also (again) driven by opportunities:

- a) The development of cable and satellite distribution services in Europe removing the capacity scarcity (from mid 1980s)
- b) The opening of European broadcast markets (privatisation) (mainly 1980s to 1990s)
- c) A potential lack of content to fill this capacity. The US brands were backed by desirable content (films, music), and a consumer demand: "I want my MTV".
- d) The majority of the major US channel brands are part of groups that are the main film production companies in the US.
- e) The Television Without Frontiers Directive, allowing for TV channels established in one EU country to broadcast in another (and the Convention on Transfrontier Television in the wider European context)
- f) The ability (partly due to the above) to go "regulatory shopping" with regard to broadcast licences (the broadcast company), and with regard to tax regimes (the holding company). The majority of Holding companies of the US players are based in the Netherlands Luxembourg Ireland, and the UK.<sup>11</sup> The majority of US channel brands are licensed in the UK, and the Czech Republic, and to a lesser extent in the Netherlands, Bulgaria, Spain and Italy.<sup>12</sup>

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<sup>10</sup> Additional pan-European media groups with a presence throughout Europe with well-known niche TV brands could also include AMC Networks, NBC International, Scripps Networks International, Sony, etc.

<sup>11</sup> Holding companies whose subsidiaries establish in various parts of Europe to licence their channels – are based in the Netherlands (Viacom, Central European Media Enterprises), Luxembourg (Discovery, Walt Disney), Ireland (Discovery), and the UK (Turner Broadcasting System). And to a lesser extent directly in some of the major markets: UK (Viacom), Italy (Viacom) and Germany (Viacom).

<sup>12</sup> In many cases the local licences or registrations are in the major countries: GB, ES, DE, IT, (FR). Licensing hubs: United Kingdom (Walt Disney, Time Warner/ Turner Broadcasting, AXN/SONY, National geographic/ 21st Century Fox, VIACOM), in the Czech Republic (Viacom/ MTV, HBO), in Bulgaria (Fox channels) and also in Spain (Fox channels) and Italy (Fox channels), Netherlands (VIACOM).



2. Increase **distribution and revenue**. Working with a different business model to free-to-air, the aim is to sell this content to distribution companies, and the more markets of distribution, the more revenue from distributors.

Many of the US groups evolved from creating content to packaging their own content in channels, hence moving closer to the final customer (and therefore capture a higher share of the added-value) by launching channels rather than merely selling programmes.

3. Reap **benefits from economies of scale**

Similar to the “multi-country” groups these may be in the form of efficiencies in production, content acquisition, rights acquisition, and negotiations with distribution companies, etc.

The companies with interests in, or ownership of major production companies will want to spread this content in the group and to other major competitors. The same is true for TV formats developed and/or required.

It is also possible to assume that such synergies are more easily achieved for pan-European brands, (as is the case with pay TV channels), when compared with the free to air channels, due to less regulatory obligations regarding programming, less need to address a national market with regard to content and taste. However, the growing investment in European production companies (see below) suggests there is still a need to develop local content.

In addition, it is also possible to assume that such internationalisation of content is more easily achieved for VOD services, in particular where “one brand” VOD services are used in a range of countries, for example Voyo (CEME countries) or VIAPLAY (Viasat markets) (see also strategies of distributors in the next section).

### **Current challenges and strategies of pan-European groups**

The pan-European Groups, despite the Europe-wide distribution of their channels are also facing several challenges: change of viewing habits (decreasing linear audiences); need to develop online presence and package their content; need to have content their on the major online players; and as above the general economic and financial crises.

In relation to the strategies above and these challenges, the most recent activities of these groups have included:

- a) Also buying into the “multi-country group model”. The most specific example is Discovery Inc., with its acquisition of the SBS Nordic channels from ProSiebenSat1 (2013). Time Warner has increased its investment (to almost 50%) in the “multi-country group” CEME (2015). Viacom has taken over the Channel 5 brands in the UK (2014). Also Scripps International purchased 10% of N-Vision who holds 52,7% of major private broadcaster TVN in Poland (2015).
- b) Entering into joint ventures (JV) with powerful distribution companies (presumably to secure distribution). Examples include: the HBO (Time Warner) and Ziggo (pre-Liberty Global take-over) establishment of HBO Netherlands (2011); Sky Plc (satellite operator) and Viacom continue their joint ventures and shared ownership on a range of channels in the UK market with Comedy Central, Nickelodeon, etc. (2015); Sky has a JV with A&E networks in the UK.
- c) Extending interests in, or buying interests in TV production companies. In particular US groups have begun to invest in European production companies: “US based media groups seek to diversify their activities by directly funding European works or facilitating US-Europe



coproductions".<sup>13</sup> Examples include Discovery's purchase of All3Media (with Liberty Global) in 2014; 21<sup>st</sup> Century Fox, owner of Shine creating JV with Apollo, owner of Endemol and Core (2014)

- d) Buying into the linear TV content of greatest value – sport channels (Discovery takeover of Eurosport, 2015)
- e) And hence buying into sports rights (Discovery)
- f) Launching on-demand services online or in agreement with the major distribution companies and VOD services

The figure overleaf ***focuses on the main licensing hubs*** of the pan-European broadcasters (with well-known brand channels) that have been included in the report: Discovery and Eurosport, Walt Disney, Viacom and MTV, Time Warner and HBO, Viasat, 21<sup>st</sup> Century Fox. (Channels may also be licensed at the national level by some of these players in some larger countries Germany, France, Spain, the Netherlands and Italy). A geographical footprint is *not* provided as all of these channels are available in every practically every country on cable, satellite or IPTV.

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<sup>13</sup> European Audiovisual Observatory (2016): "Production: integration and consolidation". In *Yearbook 2015 Key Trends*



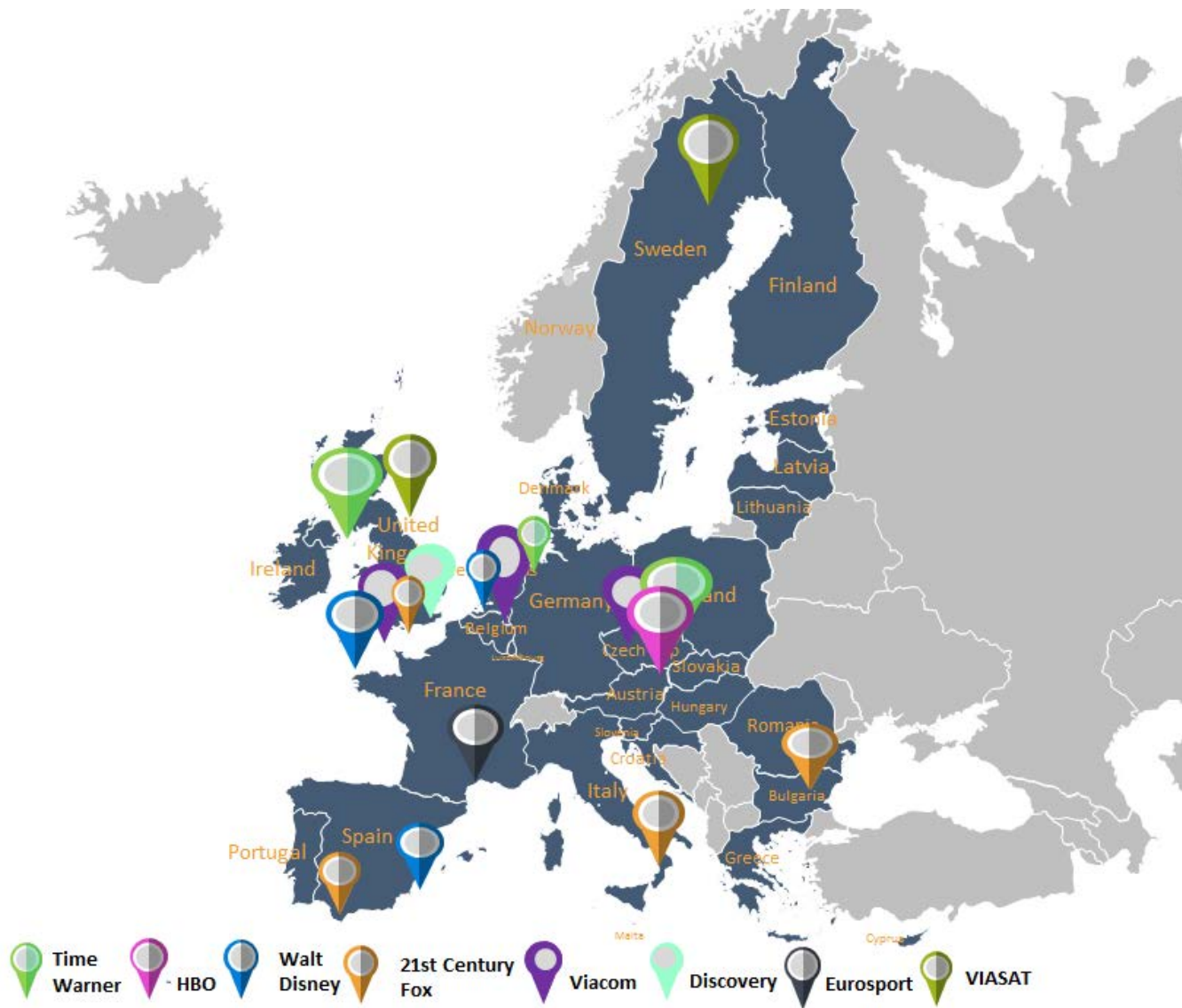


Figure 4: Licensing hubs of a range of pan-European channel brands covered in this report (larger hubs with larger symbols)

## Distributors of audiovisual services

In the market for distribution of television channels over cable, satellite or IPTV, there are a range of companies that are operating at a pan-European level. The profiles included in chapter five cover just 6 of these groups, and includes major cable, satellite and IPTV (telecommunications) operators.

### The potential strategic reasons for the development of pan-European distribution groups

1. The same arguments as above are relevant for these major companies that ***are constantly seeking growth markets*** in which to develop when their established markets reach maturity. The strategies are also (again) driven by opportunities:

- a) The European cable markets were very diversified and mainly analogue just ten years ago. In 2006, just 31% of cable homes in the EU had digital cable.<sup>14</sup> The most recent data available (end 2014) shows this figure has increased to 55%. The implementation of digital cable is both a challenge and an opportunity.
- b) The costs of digitisation may be a strong argument for allowing, even encouraging consolidation both within countries and across Europe. At least this may explain the significant number of mergers taking place in this sector in recent years, alongside the desire to develop strong European groups.<sup>15</sup>
- c) In several countries, the slow development of a free-to-air DTT service, that could offer an extended range of content choice to people (particularly in rural areas), opened the way for growth in the pay satellite sector. This was particularly the case in Ireland, Bulgaria, and Romania.
- d) The opening of national telecommunications markets, liberalisation and privatisation (1980s and 1990s)
- e) Digitisation and convergence, and the development of broadband networks allowed telecommunications services to deliver audiovisual content from early 2000s and become distribution companies (first IPTV services from 2002)
- f)

2. Specific economies of scale for distribution companies

For distribution companies, a wider geographical spread implies more subscriber revenues. On a national level this may contribute to funding the spread of digital networks (cable).

On the pan-European level, companies have the opportunity to create synergies in their technology development and in particular the development of set-top boxes. An example is the Liberty Global Horizon TV device which has been rolled out in most of its countries.

The harmonisation of devices and their functionalities also leads to a certain harmonisation of services throughout their geographical footprint: Horizon Go, Sky Go etc. (see also below regarding Vivendi).

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<sup>14</sup> Yearbook of the European Audiovisual Observatory 2006, based on IHS data.

<sup>15</sup> In addition, according to Isofidis (2005) earlier EC merger decisions reflected a sympathy to the “formation of large European corporations in order to enable them to compete globally “



Where the companies are vertically integrated and have own brand channels (or production), they may benefit from guaranteed distribution revenues.

The companies with interests in /ownership of major production companies will want to spread this content in the group and to other major competitors. The same is true for TV formats developed and/or acquired.

### **Current challenges and strategies of pan-European distribution groups**

The pan-European distributors also need to respond to the changes in consumption of content and the competition from online competitors (OTT services).

- Further consolidation at the national level. Several significant mergers have taken place in recent years: UPC NL (Liberty Global) and Ziggo in the Netherlands (2014); Unitymedia (Liberty Global) merger with Kabel BW in Germany (2011); Orange España and Jazztel in Spain (2015);
- Expansion of geographical scope and acquisition of major national players. A prime example is Liberty Global: the take-over of Unitymedia DE (2010) followed by Kabel BW (2011); Liberty Global take-over of Virgin Media UK (2013).
- Cross consolidation between telecommunications and cable companies. The Vodafone takeover of Kabel Deutschland (2013) is a major example followed by the Vodafone takeover of Spanish cable company ONO (2014). Also significant was the Numericable takeover of SFR in France (2014). At the same time pay-TV operator Vivendi has increased its interest in Telecom Italia to 24,9%.
- Vertical integration strategies – moving through the value chain
  - a. Entering into joint ventures (JV) with important content companies. Examples include: the HBO (Time Warner)- Ziggo (Liberty Global) establishment of HBO Netherlands (2011); Sky Plc and Viacom continue their joint ventures and shared ownership on a range of channels in the UK market with Comedy Central, Nickelodeon, etc.(2015)
  - b. Development of “own channels” with premium content (film and sport). Practically every strong distributor has a range of own brand channels
  - c. Developing pan-European on-demand services by merging national players (as is the case with Vivendi planning to merge Canalplay, Infinity and Watchever, see page 52)
  - d. Acquiring (or investing in) national broadcasters: Liberty Global acquisition TV3 Ireland (2015) and purchase of interest in ITV Plc (access to content or “multi-country group” strategy?)
  - e. Extending interests in, or buying interests in TV production companies. Examples include: Liberty Global and All3Media (with Discovery 2014); Sky Plc purchase of Love Production (2014);
- g) In a development similar to that of the “multi-country” broadcaster groups, many Pay-TV operators have developed niche channels which may be available free to air over the DTT networks (since the implementation of digital terrestrial television) or as pay-TV over cable,



satellite and IPTV platforms. For regulatory reasons (competition) they may also be obliged to make the pay channels available to other operators.

Therefore most of the distributors also have their own brand premium TV channels and hence are also active in the markets for the licensing of broadcasting rights relating to TV content, and in some cases the production of TV content. The figure overleaf provides a geographical footprint of the pan-European distributors included in the report.

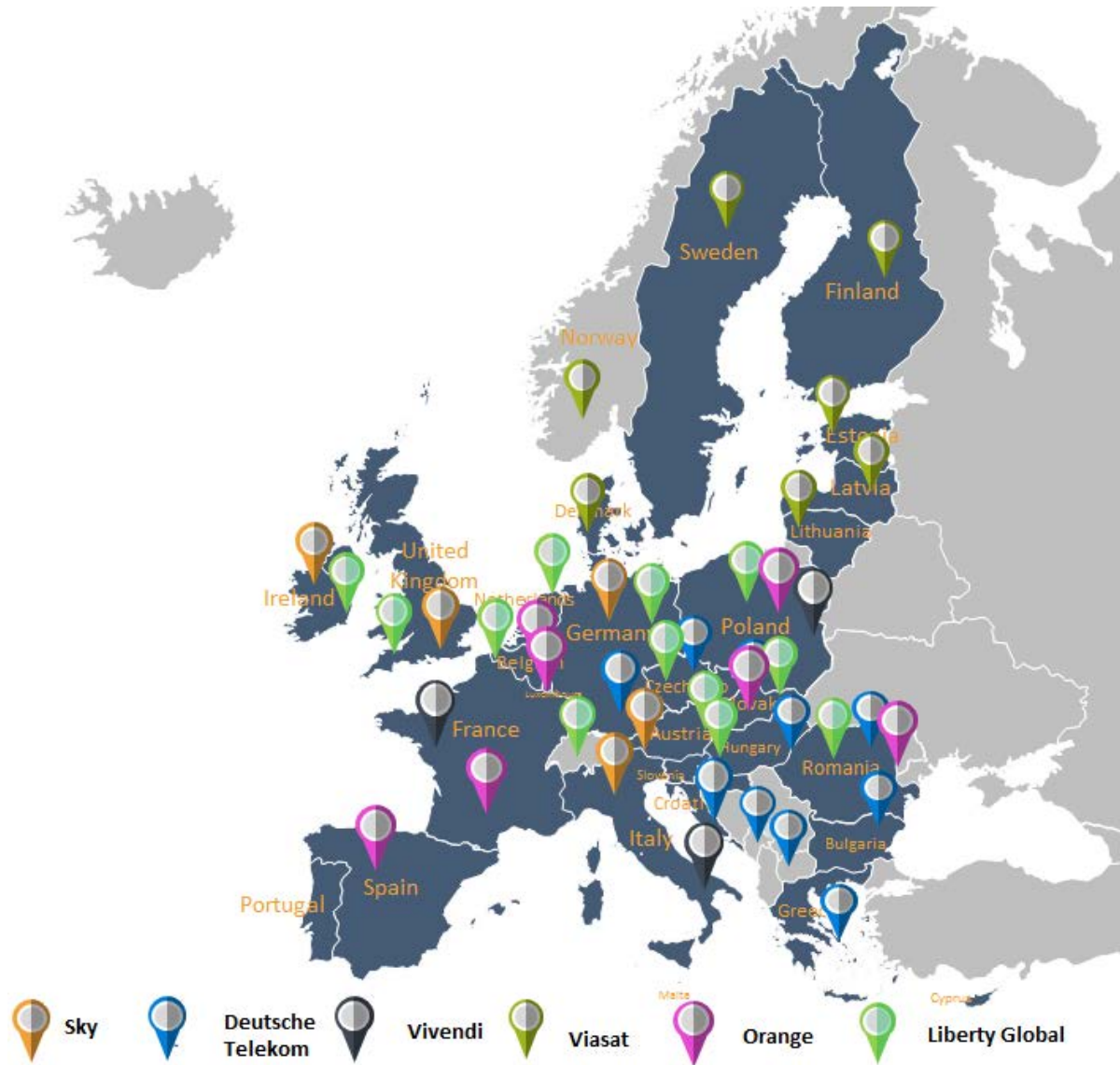


Figure 5: Footprint of six distribution/ pay-TV companies (and their subsidiaries) included in the report

## 5 Profiles of Pan-European groups

The following section provides profiles of 15 pan-European groups active in a range of countries across Europe.

As noted above these include six of the 15 most important pan-European distribution groups: Deutsche Telekom AG (almost 7 million pay-TV homes), Liberty Global Group (almost 23 million pay-TV homes), Orange (7,6 million pay-TV homes), Sky Plc (20 million pay-TV homes), Viasat (1,2 million pay-TV homes) and Vivendi (13 million pay-TV homes).

The profiles also include nine of the 14 most significant pan-European broadcast media groups (these also are the owners of smaller pan-European groups, which have also been included in the analysis): 21st Century Fox, including Sky Plc and Fox International channels; Discovery Communications including Eurosport; the Modern Times Group including Viasat; the RTL Group; Sanoma; Time Warner Inc., including Turner Broadcasting, Central European Media Enterprises and HBO; Viacom Inc., including MTV Networks; Vivendi, including Canal+; and Walt Disney Inc., including AETN and Disney ABC.

The profiles explore the geographical spread of groups and also the range of activities (markets where active). Where possible details of subsidiaries and percentages of shareholding are included.

A range of colours are used in the graphics representing the media groups. These are used to indicate the main activities of the companies. A mix of colours indicates a mix of activities.

<b>Audiovisual sector activity</b>
Free TV ( or audiovisual media on-demand services)
Pay TV (or SVOD audiovisual media on-demand services)
Distribution (pay TV), cable, satellite, IPTV, pay DTT
Production
Telecommunications
Major holding groups / Joint ventures
Other cross media activities

## 21<sup>st</sup> Century Fox

21<sup>st</sup> Century Fox has a range of pan-European niche brands available throughout Europe: including Fox, Fox News, Fox Crime, Fox Life and Fox Movies and National Geographic.

The company has several hubs for the licensing of its TV channels including in Bulgaria, Italy and Spain (Fox brands), the United Kingdom (National Geographic brands), and the Netherlands.

In the Netherlands, Fox has a joint venture (51% share) with Eredivisie Media & Marketing CV (the Dutch premiere football leagues). Fox Sports Eredivisie operates sports channels and is also the licence-holder for Fox and Fox life Dutch services.

In the TV production sector, 21<sup>st</sup> Century Fox and Apollo Global Management have a 50-50 joint venture in Shine TV. In 2014 the companies announced the planned merger of the Shine Group with Endemol and Core Media Group. Endemol was number 2, and Shine number 4 in the top 40 European production companies by operating revenues in 2014.<sup>16</sup>

## and Sky Plc. UK

A significant player in the pay satellite sector in Europe is Sky Plc. UK, a company in which 21<sup>st</sup> Century Fox is the largest shareholder with a 39,14% share of voting rights. Sky Plc. now provides pay satellite TV in the UK, Ireland, Germany, Austria and Italy, with close to 50% of all pay satellite TV homes in the EU.

In 2014, Sky Plc. entered into agreements with 21st Century Fox to acquire the 100% stake in Sky Italia and its 57.4% interest in Sky Deutschland. In September 2015, Sky Plc. completed its full acquisition of Sky Deutschland (100% ownership).<sup>17</sup>

Alongside the distribution activities, Sky Plc. has a range of thematic channels. In the free to air market in the UK, Sky has five channels on DTT: Sky news, Sky Sports1, Sky Sports2, Pick TV and Challenge. In the pay TV Sector, Sky has more than 40 pay TV channels in Italy (with most also available in HD), in Germany the company has close to 50 channels (almost all available in HD), and in the UK more than 60 channels (plus HD versions).

Sky has a joint venture with A+E Networks (Disney and the Hearst cooperation) to operate the channels A&E, Crime & Investigation, the History Channel and Lifetime TV.

Sky Plc. has several joint ventures with Viacom in the UK. Comedy Central is owned by the Paramount UK Partnership a joint venture between Paramount Pictures (a subsidiary of Viacom) and Sky plc. Sky holds a 33% share of the Comedy Central UK and Ireland services. It also has a 40% of Nickelodeon.

Sky sold its minority investment (6,4%) in the main UK commercial broadcaster ITV Plc. to Liberty Global in 2014.

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<sup>16</sup> Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

<sup>17</sup> Sky completes full acquisition of Sky Deutschland <https://corporate.sky.com/media-centre/news-page/2015/sky-completes-full-acquisition-of-sky-deutschland>

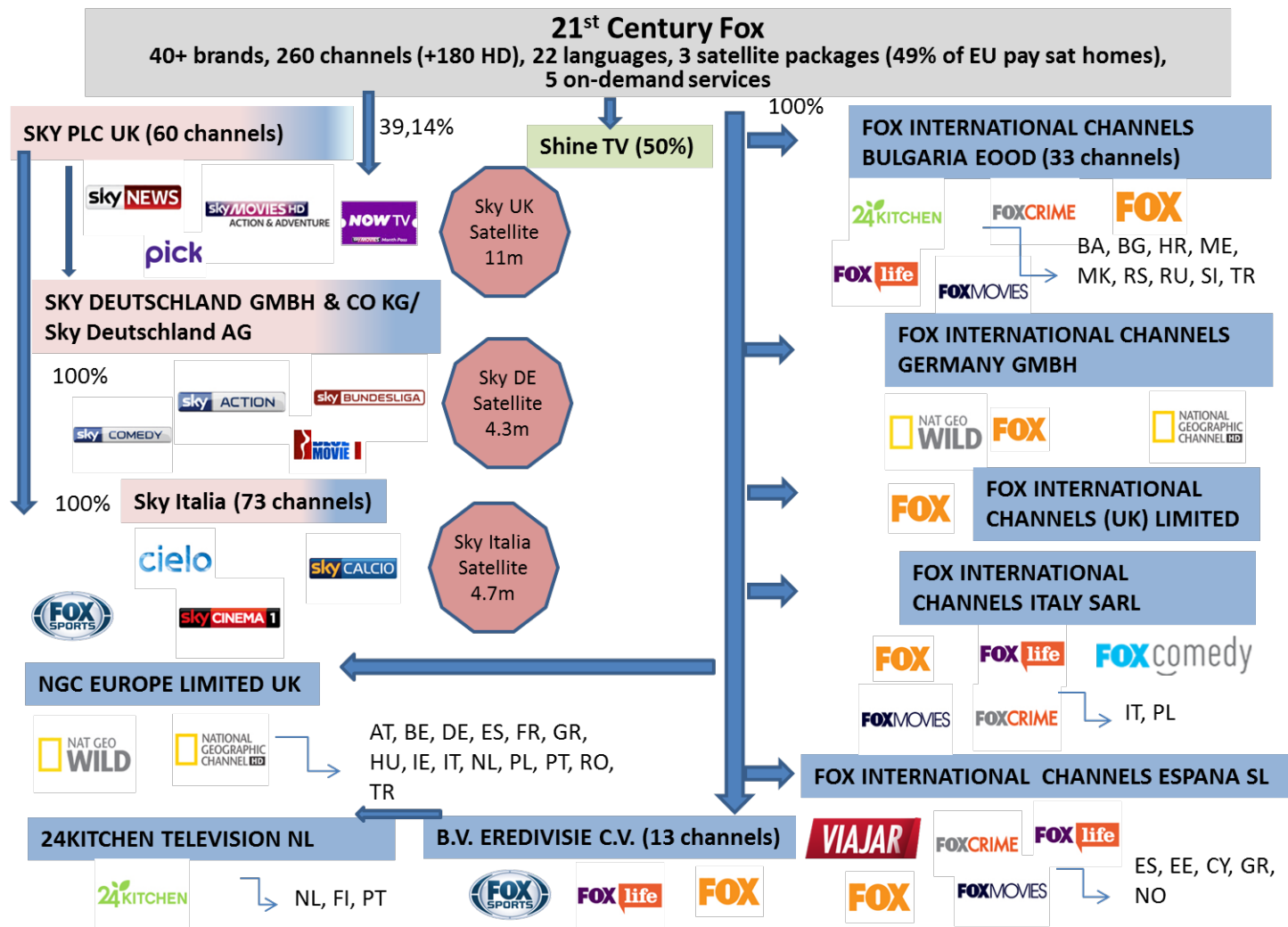


Figure 6: Company overview 21<sup>st</sup> Century Fox and Sky Plc.

Sources: MAVISE database, company websites



## Central European Media Enterprises

The Central European Media Enterprises Group (CEME) operates in six EU countries, has 36 television brands,<sup>18</sup> a pan-regional VOD service (Voyo) and 49 million potential viewers. CEME is based in Bermuda and its Dutch subsidiary CME Enterprises B.V. is the European corporate headquarters and owner of the companies in the six countries.<sup>19</sup> While CEME generally began as a minority shareholder in launching several channels (while acquiring others), it has gradually reached 100% ownership of all companies with the exception of the Bulgarian operation (owned 94%).<sup>20</sup> In 2009, Time Warner acquired a 31% stake in CEME, which in September 2015 had risen to 49,9%.

The company was founded by Ronald S. Lauder in 1994 with the launch of TV Nova in the Czech Republic in 1994 (several years of dispute implied the channel was out of CEME control until 2004).<sup>21</sup> Pro TV was launched in Romania in December 1995 in partnership with local company Media Pro. In the same year Pop TV was launched in Slovenia with local partners MMTV and Tele 59. In 2000 the company acquired Slovenian broadcaster Kanal A.

CEME entered the Slovak Republic market as a minority shareholder of TV Markiza, the first commercial channel launched in 1996 (in co-operation with local investors). CEME currently has 100% ownership of the broadcaster. Nova TV was the first Croatian commercial television network launched in November 2000. In 2004 the company was acquired by the Central European Media Enterprises. CEME moved into Bulgaria in 2008 with the purchase of its first broadcasting interests there - TV2 (later known as Pro.BG) and Ring TV (sports channel).<sup>22</sup> In 2010 the company purchased bTV from News Corporation (via Balkan News Corporation). Since 2011 the company is known as the "bTV Media Group" and incorporates all the channels.

CEME previously had broadcast interests in: local stations in Germany which it closed down in 1997; TVN launched in Poland in 1997, sold in 1998; TV3 launched in Hungary in 1997, RTL then left the market in 1999;<sup>23</sup> the company previously had a 90% ownership of Ukrainian broadcaster Studio 1+1 but sold its interests in the Ukraine in 2010.<sup>24</sup>

The company website provides details of each of the national operations, their audience shares and shares of the advertising revenue markets. From this, the dominance of the group in each of its national markets is apparent from both audience shares (prime-time) and TV advertising shares.

In 2013 the Competition Protection Agency (CPA) in Slovenia decided that the company Pro Plus had abused a dominant position on the Slovenian television advertising market (requiring exclusivity from customers and by applying loyalty discounts in favour of its customers).<sup>25</sup>

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<sup>18</sup> The brands include seven free to air generalist channels (win most of the audience shares are bTV, Nova TV, Nova TV, Pro TV, Pop TV and Kanal A, TV Markiza), and film, sports, children, music, lifestyle, international and entertainment channels (of these 9 are also on free to air DTT networks), according to the MAVISE database.

<sup>19</sup> Markiza, Pro Plus, Nova TV d.d., Pro tv srl, Cet 21 sro, bTV media group, according to the AMADEUS database

<sup>20</sup> Central European Media Enterprises Annual Report 2015: [http://s2.q4cdn.com/384102709/files/doc\\_financials/annual\\_reports/CETV-12-31-2014-10K.pdf](http://s2.q4cdn.com/384102709/files/doc_financials/annual_reports/CETV-12-31-2014-10K.pdf)

<sup>21</sup> Lauder Buys Czech TV Station. Forbes 12/14/2004. [http://www.forbes.com/2004/12/14/cz\\_tk\\_1214cme.html](http://www.forbes.com/2004/12/14/cz_tk_1214cme.html)

<sup>22</sup> Central European Media Enterprises Enters Bulgaria. Film New Europe. Com. July 28. 2008. <http://www.filmneweurope.com/press-releases/item/1099-central-european-media-enterprises-enters-bulgaria>

<sup>23</sup> Central European Media Enterprises Ltd. History. Funding Universe.com. <http://www.fundinguniverse.com/company-histories/central-european-media-enterprises-ltd-history/>

<sup>24</sup> Central European Media Enterprises Sells Its Ukrainian Operations for US\$300 Million. Nasdaq Globe Newswire. January 20.2010. <https://globenewswire.com/news-release/2010/01/20/412576/182271/en/Central-European-Media-Enterprises-Sells-Its-Ukrainian-Operations-for-US-300-Million.html>

<sup>25</sup> The Slovenian Supreme Court upheld the decision in May 2013. The CPA imposed a fine of EUR 5.1 million. Pro Plus appealed the decision and the fine was overturned on November 3, 2014. The CPA is appealing this decision. Source: Central European Media Enterprises Annual Report 2015: [http://s2.q4cdn.com/384102709/files/doc\\_financials/annual\\_reports/CETV-12-31-2014-10K.pdf](http://s2.q4cdn.com/384102709/files/doc_financials/annual_reports/CETV-12-31-2014-10K.pdf)

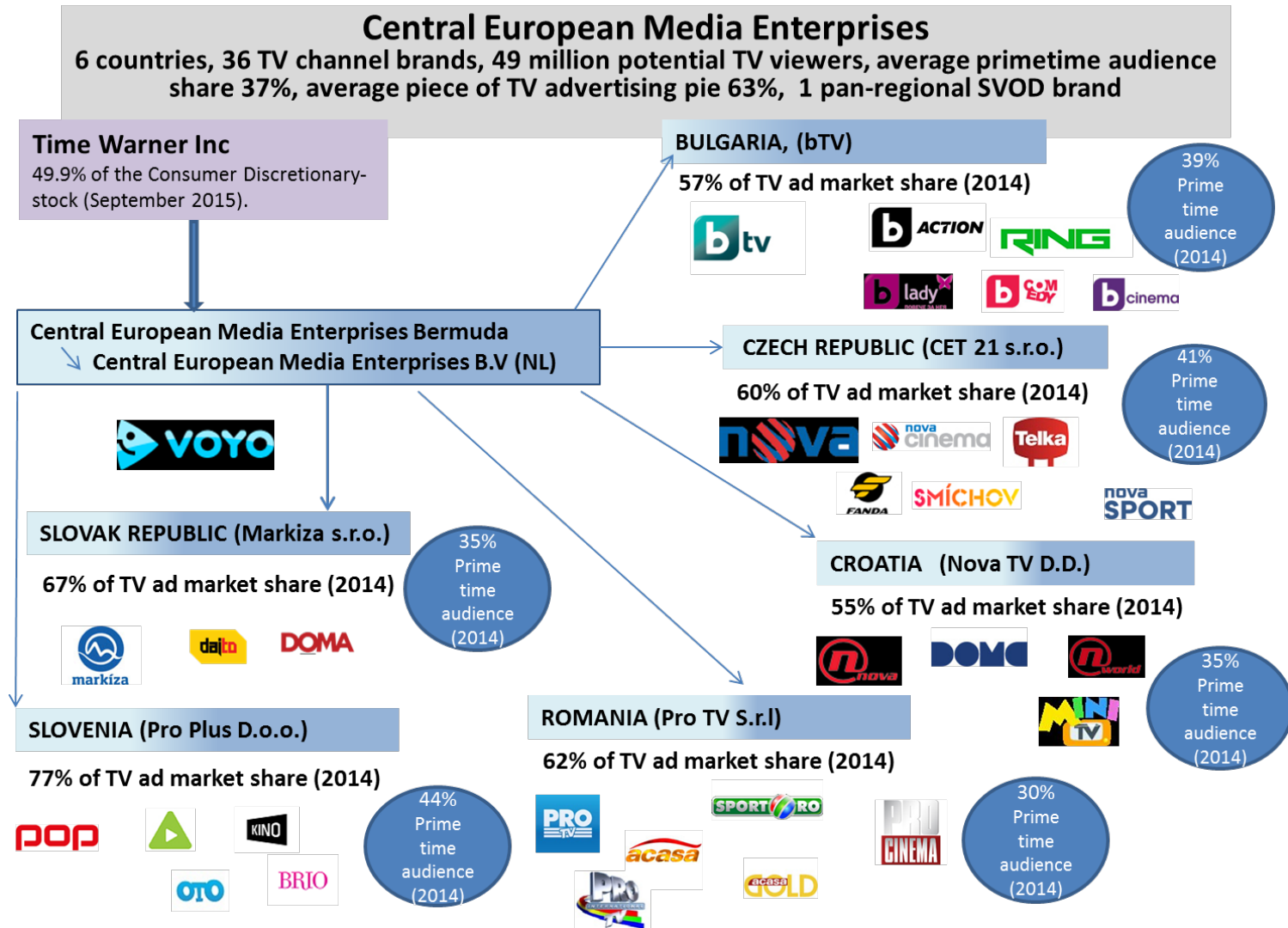


Figure 7: Company overview Central European Media Enterprises

Sources: MAVISE database, Eurostat (population), website of CEME (audiences and advertising shares)

## Deutsche Telekom

Deutsche Telekom was (originally) the incumbent telecommunications operator in Germany before the privatisation of the market. The company was privatised in 1996 and the German government holds 14,3% of shares in Deutsche Telekom.<sup>26</sup> In the telecommunications and ICT markets, the company is active in 27 European countries.

Like most other telecommunications players, the company has responded to the convergence between media and telecommunications sectors and become involved in the distribution of audiovisual services, for the most part via Internet protocol television (IPTV).

Regarding the distribution of TV services, Deutsche Telekom and its subsidiaries supply IPTV (and sometimes satellite or cable) services in Germany, Bulgaria, Croatia, the Czech Republic, Slovak Republic, Greece, Romania, Hungary, Montenegro and the “Former Yugoslav Republic of Macedonia”.<sup>27</sup> The main package brands include Entertain TV (DE), Max TV (HR), Telekom TV (RO), OTE (Greece), DIGI TV and Magio (SK).

Concerning pay-TV distribution, the company and its subsidiaries have around 30% or more of the market in Hungary, the “Former Yugoslav Republic of Macedonia”, the Slovak Republic and Montenegro, while the shares in Greece and Croatia approach 50%.

As is apparent from the figure overleaf, the German company is the direct parent of enterprises in Germany, the Czech Republic, Slovak Republic and Greece while several companies are subsidiaries of the Hungarian Magyar Telekom.

Deutsche Telekom has less involvement in television services than many other distribution companies (such as Sky or Viasat). The main TV brands within the group are linked to several significant pay TV package brands such as the Greek OTE satellite package pay TV channels, the Romanian Dolce TV (now Telekom TV) brand of channels and the Slovak Digi TV satellite channels. The company also has a range of on demand services provided by the various package operators, including catch-up services, “videotheks” and VOD services.

In addition, the company is of course a significant player in the provision of broadband, serving 40% of broadband homes in Germany, 40% in Hungary, 30% in the Slovak Republic and 70% in Croatia.<sup>28</sup>

Deutsche Telekom and Orange (France Telekom) previously had a joint venture EE (Everything Everywhere) in the UK. This was sold to BT (British Telecom) in 2016. Deutsche Telekom currently holds a 12.5% stake in BT's share capital.

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<sup>26</sup> Deutsche Telekom shareholder structure from DT website: <https://www.telekom.com/shareholder-structure>

<sup>27</sup> Based on information from Deutsche Telekom (it is possible that there are additional audiovisual distribution services, but this is not clear from the website) : <http://www.telekom.com/worldwide>

<sup>28</sup> Data based on information from Deutsche Telekom on broadband homes (as a % of total broadband homes as outlined in Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>)

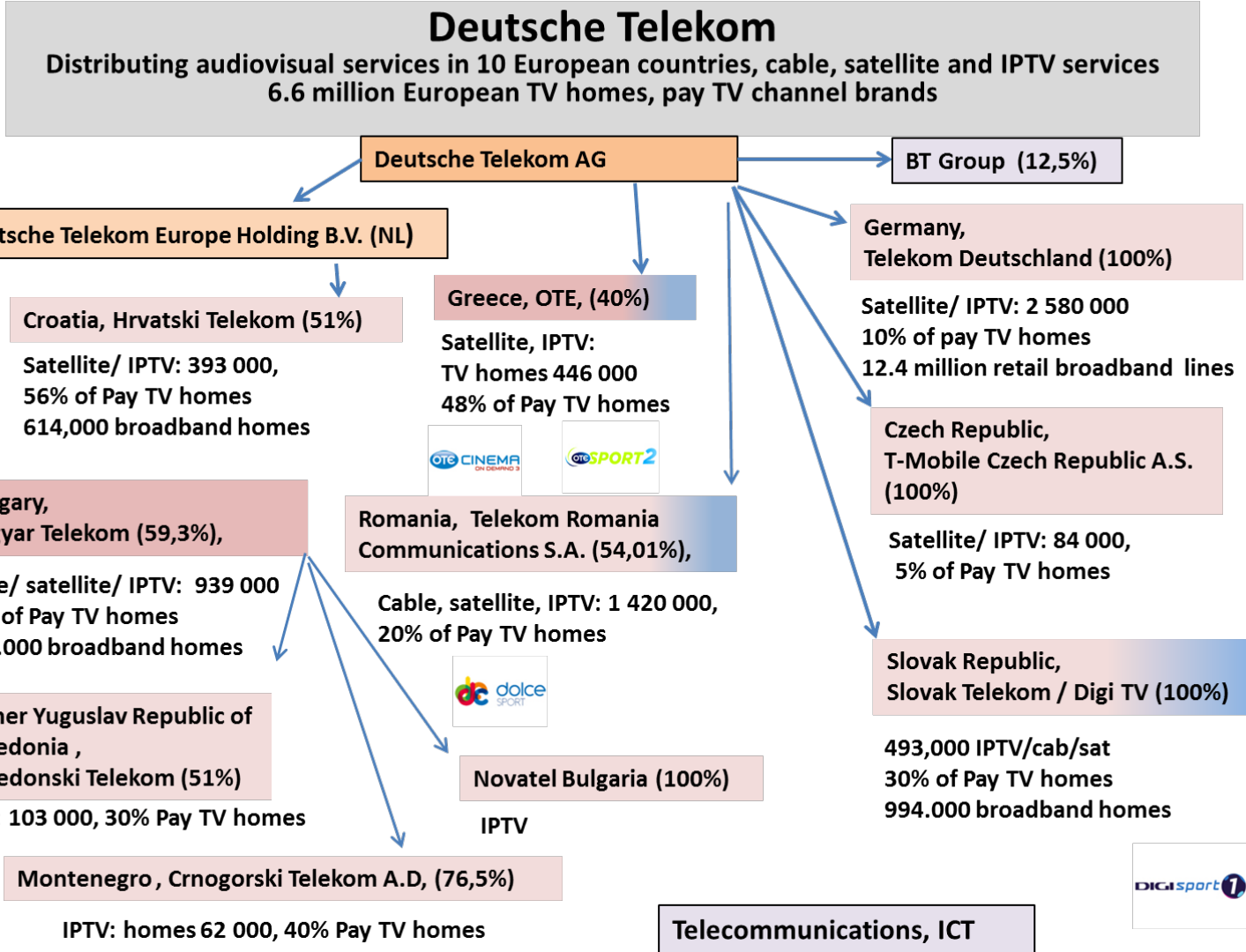


Figure 8: Company overview Deutsche Telekom

Sources: MAVISE database, website of Deutsche Telekom (companies, subsidiaries and subscribers)

## Discovery

The first Discovery channel was launched in the US in 1985 and Discovery Channel Europe was launched in the UK in 1989. The main brands of the company now include the Discovery Channel, Discovery Science, Discovery World, Investigation Discovery, DMAX, TLC and Animal Planet, and the majority are licensed in the UK via Discovery Networks International Holdings Ltd (a subsidiary of Discovery Luxembourg Holdings). Channels in Italy and Germany are licensed with the national regulators.

Discovery has developed from being a broadcaster of pan-European channel brands, to also having interests in specific national markets. This is as a result of the Discovery acquisition of SBS Nordic from the German media group ProSiebenSat.1 in 2013. Via Discovery Networks Northern Europe, the company licences in the UK a range of channels targeting Denmark and Sweden. These include channels that play an important role in terms of audience in their national markets. In Denmark, the channels Kanal 5, Kanal 4, 6'eren and 7'eren had a daily audience share in 2014 of just over 10%. In Sweden, the channels Kanal 5 and Kanal 9, and Kanal 11 had a combined a daily audience share in 2014 of 8%.<sup>29</sup>

The company also has subsidiaries in Norway and Finland. In Norway, the channels TV Norge, MAX and Fem had a combined share of 12,7% of the daily audience in 2014. The channels in Finland (TV5, Kutonen, Fii) together share about 5% of the audience.

In 2015, Discovery entered into a joint venture in Poland with Canal+ to launch Canal Plus Discovery (to include up to 120 hours of Polish productions).<sup>30</sup> In Italy, Discovery Italia has six free to air channels available over DTT: Frisbee, Focus and Giallo, (acquired by Discovery from Italian company Switchover Media in 2013); K2 (formerly owned by Jetix Europe), DeeJay TV and Discovery Max (and the pay channel Discovery World). The channels together share about 4% of the audience.

The most recent and significant move of Discovery was its entrance into the TV sports market in 2013 with a 20% stake in the pan-European sports broadcaster Eurosport, which was increased to 51% in 2014. In July 2015, the company announced they were taking full control of Eurosport, buying out the interests of French broadcaster TF1.<sup>31</sup> In 2015, Discovery and Eurosport acquired all European TV and multi-platform broadcast rights to the 2018-2024 Olympic Games.<sup>32</sup> National public broadcasters had traditionally held individual rights to the event, negotiated via the European Broadcasting union (EBU). It is now necessary for each broadcaster to sub-licence the rights (for a portion of the content) from Discovery.

Discovery has two pan-European on-demand services for its major brands: Eurosport Player and DPlay (Discovery).

The company has links with Liberty Global as LG company chairman John Malone has 24,9% voting power in Liberty Global and 28,7% voting power in Discovery Inc. In 2014, the two companies jointly acquired All3Media (number 4 in the top 40 production companies in Europe by operating revenues).<sup>33</sup>

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<sup>29</sup> Yearbook of the European Audiovisual Observatory 2015 (based on Médiamétrie data) <http://yearbook.obs.coe.int/>

<sup>30</sup> TELECOM PAPER (April 7 2015): "Canal Plus Discovery channel to start in May" : <http://www.telecompaper.com/news/canal-plus-discovery-channel-to-start-in-may--1075376>

<sup>31</sup> Discovery Communications agrees to take full control of Eurosport (press release July 22 2015) : <https://corporate.discovery.com/discovery-newsroom/discovery-communications-agrees-to-take-full-control-of-eurosport/>

<sup>32</sup> Discovery Annual Report 2015: [https://materials.proxyvote.com/Approved/25470F/20160324/AR\\_277461/pubData/source/Discovery%20Communications,%20Inc%202015%20Annual%20Report%202.pdf](https://materials.proxyvote.com/Approved/25470F/20160324/AR_277461/pubData/source/Discovery%20Communications,%20Inc%202015%20Annual%20Report%202.pdf)

<sup>33</sup> See: "The 40 leading production companies in Europe by operating revenues" in Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

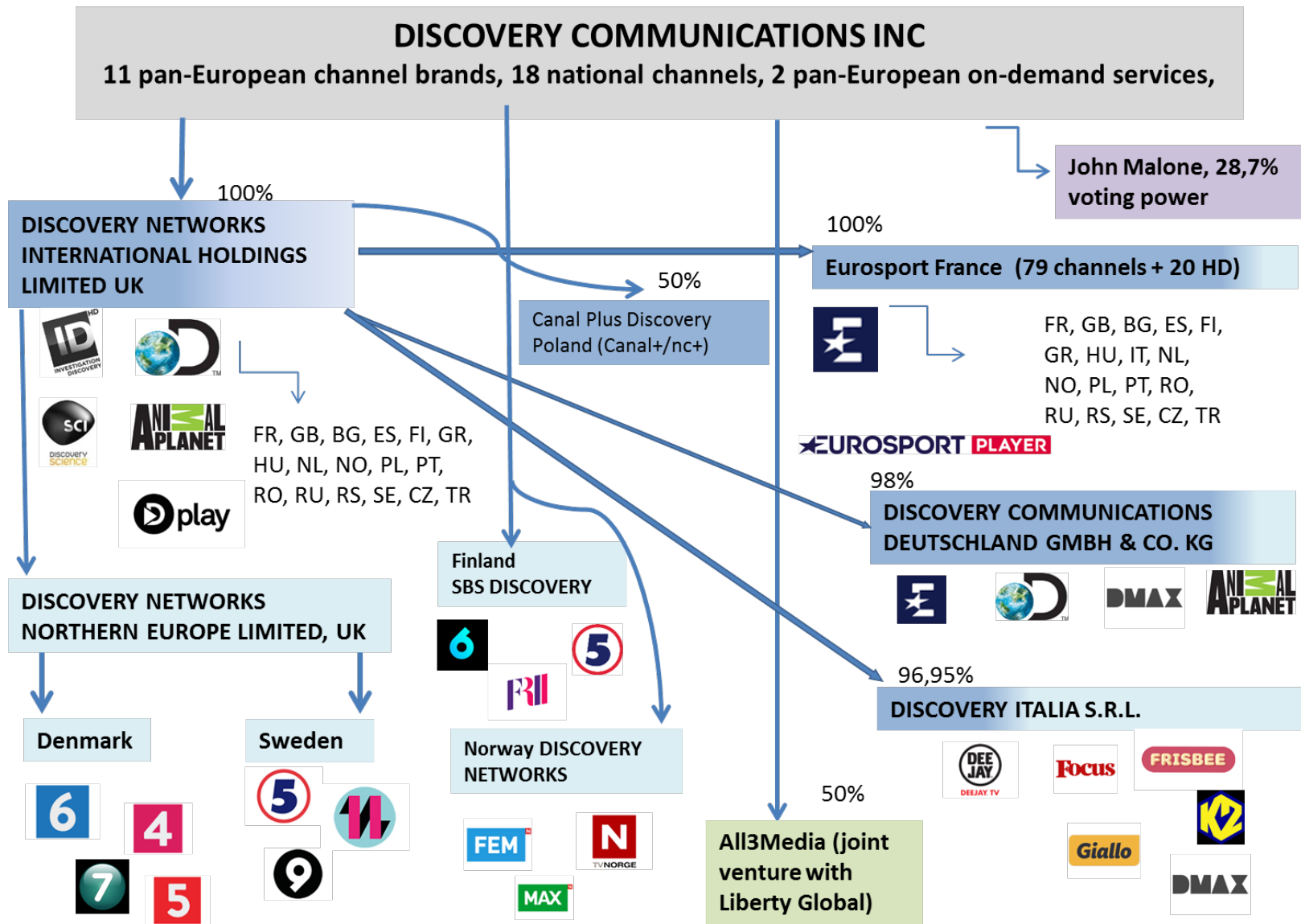


Figure 9: Company overview Discovery Communications

Sources: MAVISE database, Discovery company websites and annual reports

## Liberty Global

Liberty Global has been operating since 2005 following the merger of Liberty International Media with the UPC Netherlands (UPC was founded in the Netherlands by United International Holdings and Philips, originally as United Philips Cable and later Pan-Europe Communications).

UPC is active in cable distribution in Austria, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic and Switzerland. The company offers satellite packages in the Czech Republic, Hungary, Romania, and the Slovak Republic. The Irish UPC cable company was recently merged with Virgin Cable (UK). In 2014, Liberty Global merged the Swiss and Austrian operations, and in May 2016 Switzerland's UPC Cablecom changed its name to UPC.<sup>34</sup> In recent years, Liberty Global has increased its geographic spread via a series of acquisitions of major cable operators. In 2009, Liberty Global took over the German cable operator Unity Media. This was followed by the takeover in 2011 of a second major cable operator Kabel BW. The companies were merged as Unitymedia Kabel BW in 2012. In 2015 the brand was changed to Unitymedia. As the figure opposite shows, this company has 37% of cable homes in Germany. In 2013, Liberty Global acquired the British cable group Virgin Media, which supplies almost 99% of cable homes in the UK. The Irish UPC (taken over by Liberty Global in 2005) became part of Virgin Media in 2015 and now uses the same brand.<sup>35</sup> In the Dutch market, UPC took over competitor Ziggo in 2014 and merged the businesses keeping the brand Ziggo. Ziggo has interests (a 50-50 joint venture) in the pay TV operator HBO Netherlands (with Time Warner). Following the merger, Liberty Global was committed to divest its pay channel Film1 (sold to Sony in 2015).<sup>36</sup> The company's main interest in the Belgian market is Telenet (in which it has a 58% stake).

Prior to 2014, Liberty Global was the owner of the former thematic TV company, Cellomedia, (including CBS Action, CBS Drama, CBS Reality, Horror Channel, Jimjam, Zone Club and MGM) before selling these assets to AMC Networks. The company retained its TV assets in Belgium (pay sport and film channels distributed over Telenet). In 2014, Liberty Global acquired a 6,5% stake in the major national UK broadcaster ITV Plc. (purchasing these from BskyB). This was increased to 9,9% in 2015. Also in 2015, Virgin Media was given clearance by the Irish competition authority to take over the main Irish commercial broadcaster TV3. Liberty Global provides quarterly reports on its businesses including subscribers per country.<sup>37</sup> The data from 2015 shows that the company has 22,7 million video (cable and satellite) homes in Europe and approximately 21,2 million cable homes in the EU. This represents 37% of all EU cable homes. Also a major provider of broadband Internet, Liberty Global's companies and subsidiaries serve 16 million EU broadband homes (around 10%).<sup>38</sup> The company also has links with Discovery Inc. as LG company chairman John Malone has 24,9% voting power in Liberty Global and 28,7% voting power in Discovery Inc. In 2014, the two companies jointly acquired All3Media (number 4 in the top 40 production companies in Europe by operating revenues).<sup>39</sup>

On 17 November 2015, Liberty Global announced its pending acquisition of Cable & Wireless Communications.

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<sup>34</sup> Details on company operations from the Liberty Global website: <http://www.libertyglobal.com/our-operations.html>

<sup>35</sup> In June 2016, [press reports](#) suggested that Liberty Global was set to buy Multimedia Polska, one of its main competitors in Poland

<sup>36</sup> Part of commitments in the EU Merger Procedure: M.7000 - LIBERTY GLOBAL / ZIGGO

<sup>37</sup> Liberty Global Earnings Report Q3, 2015: <http://www.libertyglobal.com/pdf/press-release/LG-Earnings-Release-Q3-15-FINAL.pdf>

<sup>38</sup> Total EU household figures for cable and broadband are based on data from IHS published in the Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

<sup>39</sup> See: "The 40 leading production companies in Europe by operating revenues" in Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

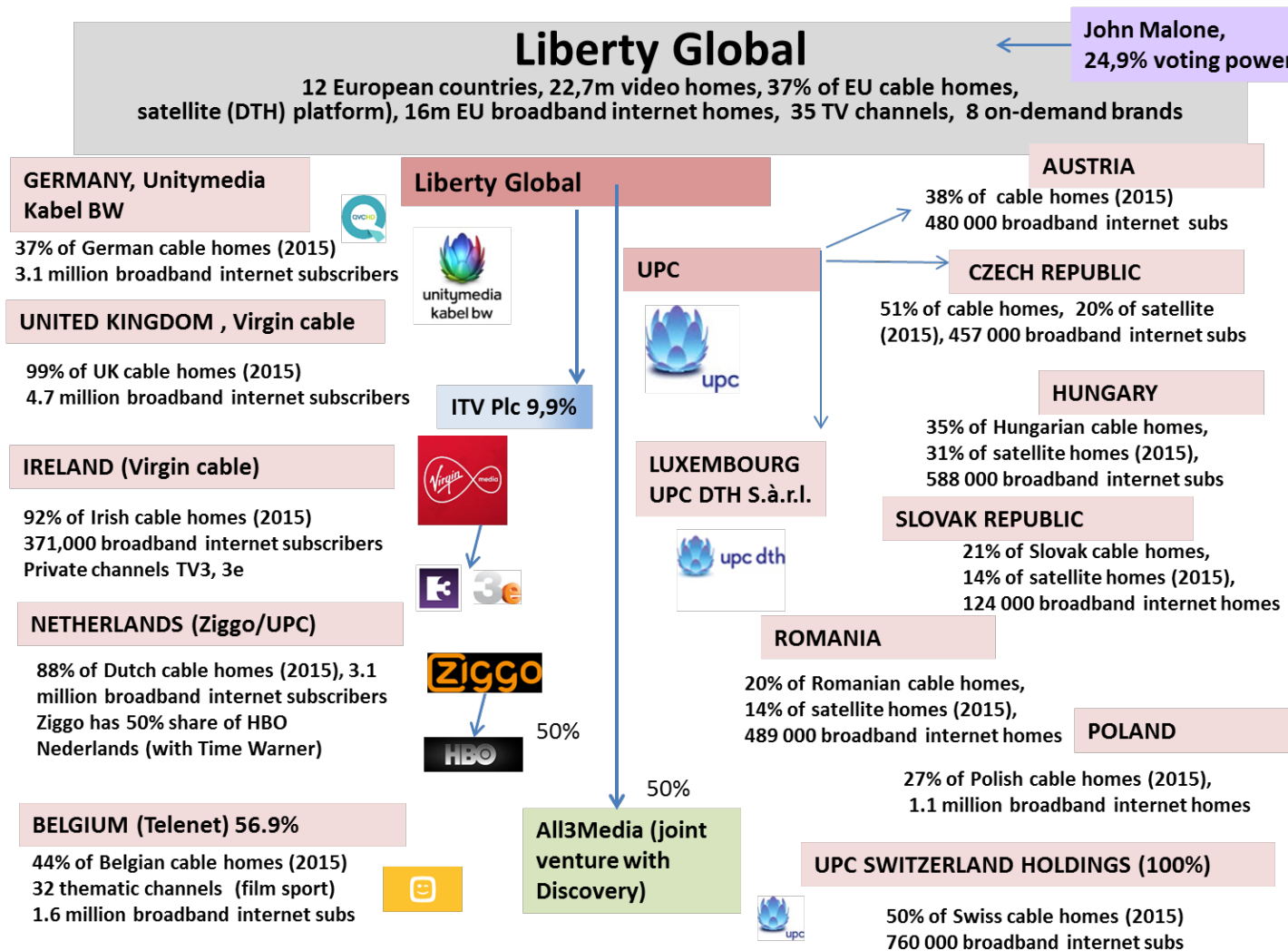


Figure 10: Company overview Liberty Global

Sources: MAVISE database, website of Liberty Global (subscriber figures and subsidiaries)



## Orange

Orange (formerly France Telecom) is the second example in this report of a telecommunications operator that has moved into the audiovisual sector, with 7,6 million TV homes in Europe. In addition to being active in telecommunications on the European market (including Moldova), Orange is also active in Africa and the Middle east.<sup>40</sup>

Orange was founded by Hutchison Telecom in 1994. In 1999 the German company Mannesmann AG acquired Orange. Then Mannesmann was taken over by Vodafone in 2000 and had to divest Orange. In 2000, France Télécom bought Orange plc. from Vodafone. The mobile telephone operations of Orange plc. were merged with the mobile operations of France Télécom, forming the new group Orange SA. From 2013, the company has been known as Orange.

At the end of 2015, the French State (via the Agence des participations de l'État (APE) - a government agency managing state holdings) owned 23.04% of Orange SA's share capital and 23.04% of the voting rights. In France, the company is a major player in the market, delivering IPTV and satellite services to 6,4 million homes (24% of pay TV homes). Orange created the Orange Cinéma Séries television channels in 2009. Currently these are OCS Max, OCS City (HBO content), OCS Choc and OCS Géants. Orange closed its sports channels in 2012, as the BeIN sports channels launched and significant sports rights were won by owners Qatar Media. Orange Studio, created in 2007 is a subsidiary of Groupe Orange involved in the co-production and acquisition of French and European films.<sup>41</sup> Discussions with Bouyges Telecom on a possible merger were ended in April 2016, with the companies deciding not to merge.

Orange España provides IPTV and satellite services alongside telecommunications and broadband. In 2015, it strengthened its position in the market via the acquisition of Jazztel. Previously in 2006 Amena and Wanadoo in Spain were incorporated into Orange. The company has approximately 6% of pay-tv homes. The company interests in Poland date from 2000 when the Polish government sold a 35% stake in TPSA (Telekomunikacja Polska) to a consortium of France Télécom and Kulczyk Holding (with full privatisation May 2010). Orange currently holds 50,67% of the shares. In 2012, Telekomunikacja Polska was renamed Orange Polska. The company has almost 800 000 TV homes and delivers broadband to more than 2 million.<sup>42</sup> With its IPTV services in the Slovak Republic, Orange has a share of approximately 5% of the pay-TV home market. In Romania, Orange had more than 270 000 satellite TV homes at the end of 2015. In Belgium, Mobistar was rebranded as Orange Belgium in 2016 (Orange has a 52,91% share), and launched a cable TV service in 2016. Orange Communications Luxembourg is a subsidiary of Orange Belgium. At the end of 2015, Orange Belgium had approximately 7,300 homes with fixed-line broadband and TV services.

Orange and Deutsche Telekom previously had a joint venture EE (Everything Everywhere) in the UK. This was sold to BT (British Telecom) in 2016. Orange currently holds a 4% stake in BT's share capital. On January 10, 2013, Orange purchased a 51% ownership interest in Dailymotion, increasing its stake in Dailymotion to 100%. Since then Orange has sold most of its interests held in Dailymotion to Vivendi in 2015 and retained a stake of 10%. On January 3, 2013, Orange sold its stake of 35 % in Orange Austria.<sup>43</sup>

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<sup>40</sup> Orange corporate website: "Global footprint": <http://www.orange.com/en/About/Global-footprint/Orange>

<sup>41</sup> Homepage of Orange Studio: <http://www.orange-studio.fr/orange-studio/>

<sup>42</sup> Orange Polska Annual Report 2015 : [http://www.orange-ir.pl/sites/default/files/ORANGE\\_RA\\_08042016\\_ANG\\_ONLINE.PDF](http://www.orange-ir.pl/sites/default/files/ORANGE_RA_08042016_ANG_ONLINE.PDF)

<sup>43</sup> Orange Consolidated Financial Statements 2015: <http://www.orange.com/en/content/download/35047/1115321/version/2/file/Orange%20-%20Consolidated%20financial%20statements%202015.pdf>

# Orange France

**Distributing audiovisual services in 7 European countries, IPTV and satellite services  
7,65 million European TV homes, pay TV channel brands**

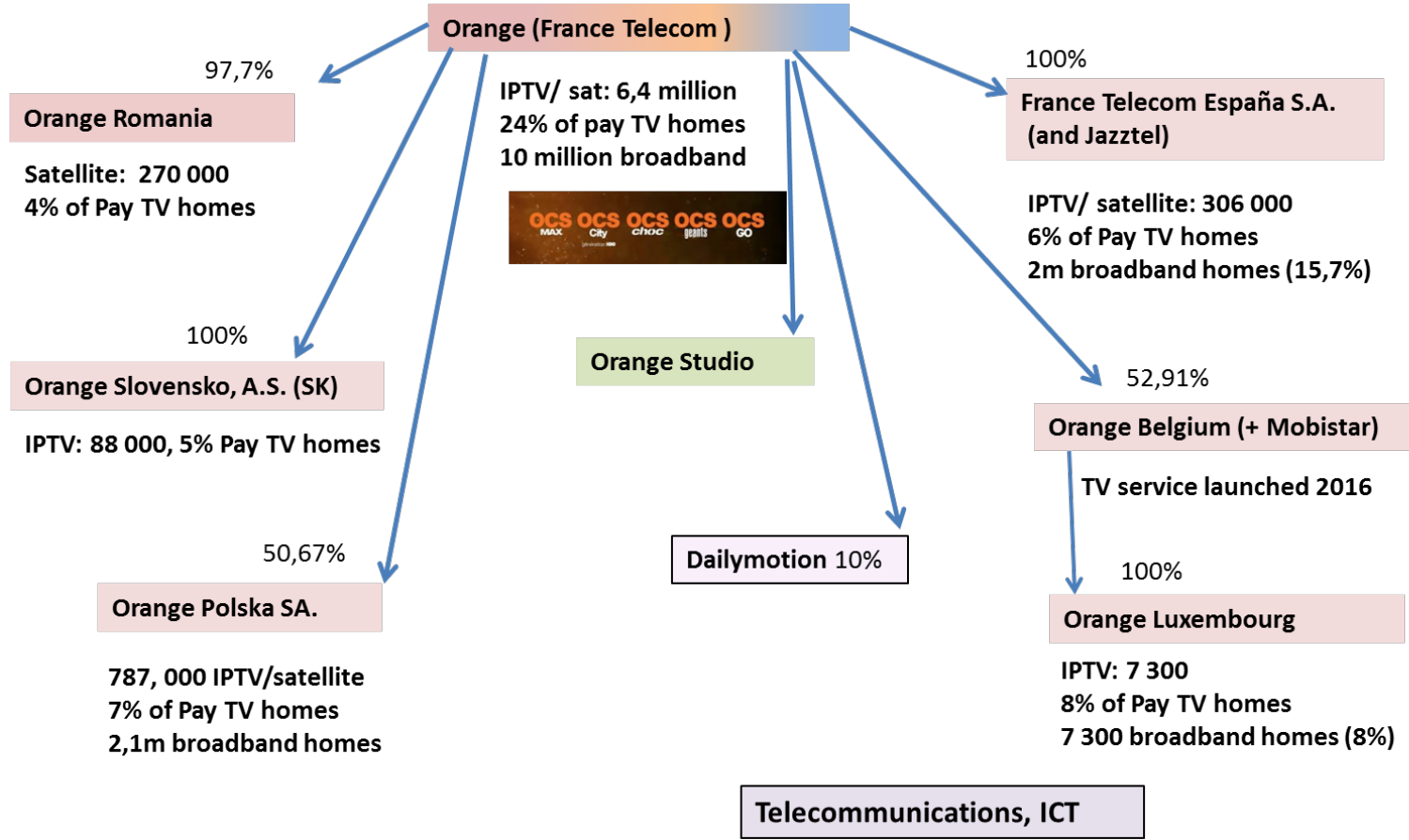


Figure 11: Company overview Orange

Sources: MAVISE database, websites of Orange and subsidiaries (subscriber figures)



## RTL GROUP

The RTL Group is active in television broadcasting in nine European countries. One of the oldest media groups in Europe, RTL was established in 1924 with Radio Luxembourg, and the CLT was established in 1954 to develop television broadcasting and launch Télé Luxembourg.<sup>44</sup> In 1997 CLT (RTL) and the Bertelsmann's UFA were merged, creating CLT-UFA (later rebranded as the RTL Group, after the merger with British production company Pearson). Pearson was re-branded as Freemantlemedia in 2001, number 1 in the top 40 European production companies by operating revenues in 2014.<sup>45</sup> One of the most recent acquisitions of the RTL Group is a 65% stake in the programmatic video advertising platform SpotX (2014) which will open up access to a significant new market in advertising sales. Bertelsmann is currently a 75,1% shareholder of the RTL Group.<sup>46</sup>

In 1984 RTL launched a German language channel broadcasting from Luxembourg (now the German RTL). This was followed (1993-96) with the launch of VOX, RTL II and Super RTL in Germany, and the acquisition of the German news channel n-tv in 2002. Three niche channels (Crime, Living and Passion) launched in 2006, followed by RTL Nitro (2012) and Geo Television (2014). Two new free-to-air channels are due to launch in June 2016. The main German channels have specific Austrian versions that target Austria.

Entering the Dutch market in 1989, RTL Véronique (now RTL4) was launched, followed by RTL 5 (1993) and Veronica (1995). The years 2007-2012 saw the launch of RTL 8, RTL Lounge, RTL Crime and RTL Telekids. RTL Nederland is the 100% (since 2015) shareholder of the pay video-on-demand (VOD) platform Videoland. In Belgium, the RTL- TVI channel was launched in 1987, followed by Club RTL in 1995, and Plug RTL in 2004. These three channels are licensed in Luxembourg and target Belgium. In addition, all the Dutch and Hungarian channels with the exception of RTL Klub are also now licensed by the Luxembourg authorities (these channels are indicated in the figure opposite and encircled). RTL Klub was launched in Hungary in 1997. In 2011, the RTL Group took over the IKO Group (Cool TV, Film+, Film+2, Reflektor, Prizma, Sorozat+, Muzsika TV). RTL II launched in 2012.

In 1987, the French channel M6 was launched (with RTL having a 25% stake), followed by Téva (1996) and the acquisition of Paris Premiere (2004), the launch of W9 (2005), Girondins (2008) and 6ter (2012). The M6 Group closed three channels in 2015. RTL's current stake in M6 is 48,6%.

RTL Televizija launched in Croatia in 2004 (with local investors), and the second channel RTL 2 in 2011. In 2011, the RTL Group increased their holding to 100%. The children's channel RTL Kockica launched in 2014. RTL has a minority share-holding (18,7%) in the major Spanish broadcaster Atresmedia (owner of channels Antenna 3 and La Sexta since their merger in 2012).<sup>47</sup> The RTL group also had a range of broadcasting interests in the UK, Greece, Poland, Portugal and Russia (and pay satellite in Germany) which it has divested over the years.<sup>48</sup>

The data in the figure opposite shows the importance of RTL where it commands between 20 and 30% of the national daily audience share in Belgium, Croatia, Germany, Hungary, Luxembourg and the Netherlands.

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<sup>44</sup> The information here on the company developments is taken from the website of RTL. Group history: [http://www.rtlgroup.com/en/about\\_us/the\\_group/history.cfm](http://www.rtlgroup.com/en/about_us/the_group/history.cfm)

<sup>45</sup> Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

<sup>46</sup> RTL Annual Report 2015: <http://www.rtlgroup.com/files/pdf1/2016.03-rtl-group-full-year-results-2015.pdf>

<sup>47</sup> The majority shareholder is Planeta de Agostina. RTL's involvement in the company dates from the merger with Pearson (Freemantle)

<sup>48</sup> Former interests include: Grupo Media Capital (TVI) Portugal, stake sold in 2007; the Polish RTL7 (launched 1996) was sold in 2001 to the ITI Group; Channel 5 (launched in 1997 in the UK) was sold to Northern and Shell in 2010; the group left the Greek market in 2012 selling shares in the Alpha Media Group; in September 2013, RTL sold its stake in the Russian National Media Group; in 1999, CLT-UFA sold its 45% share of the Premiere (now Sky Deutschland and owned by 21st Century Fox) to pay-TV group the Kirch Group

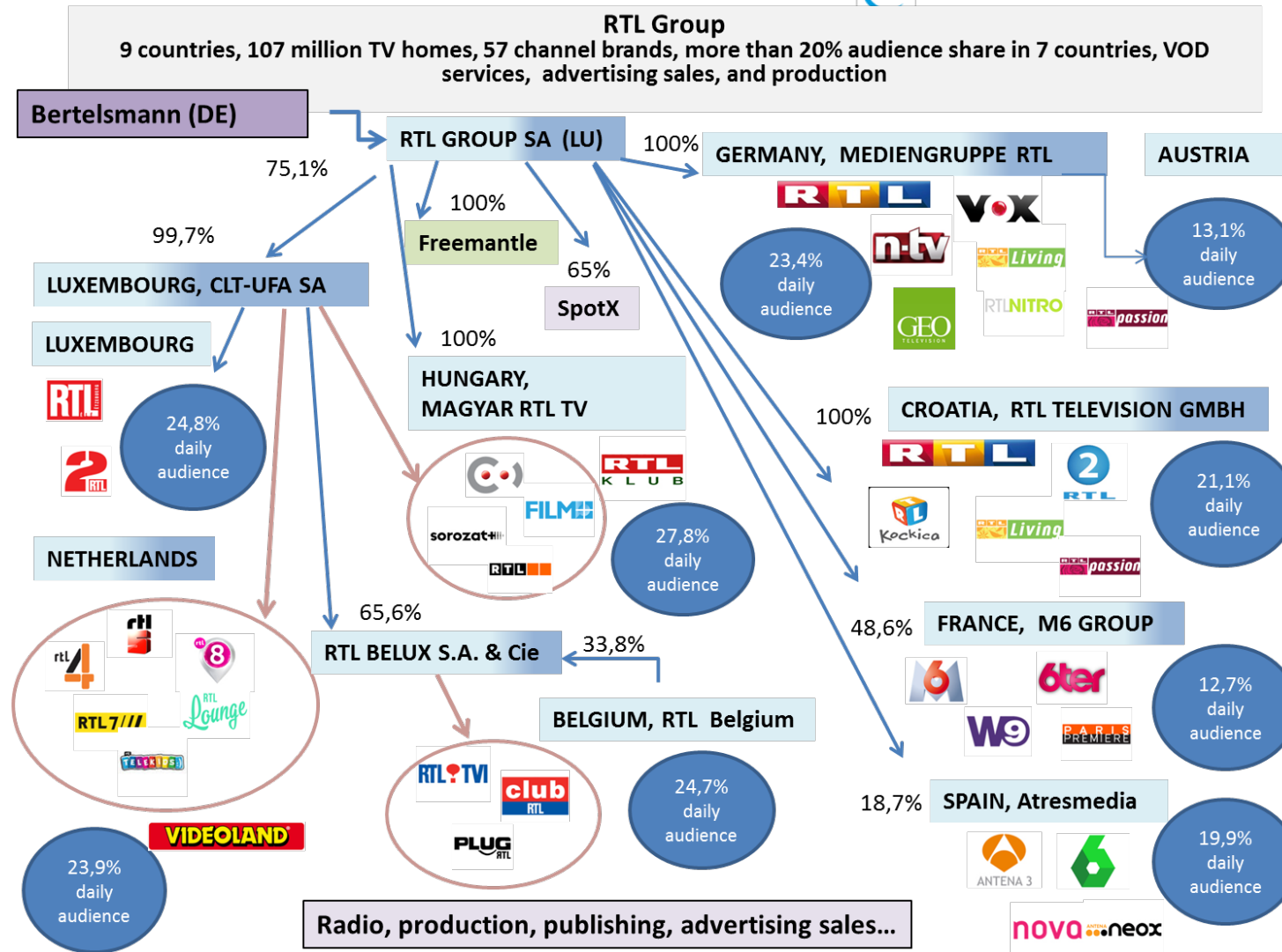


Figure 12: Company overview RTL Group

Sources: MAVISE database, RTL company websites



## Sanoma

Sanoma was created in Finland in 1889 as a newspaper publisher. The company entered the television business in 1981 through the acquisition of the TV station Helsinki Televisio Oy. In 1993, the subsidiary Nelonen was created to carry audiovisual activities and in 1997 started nation-wide television broadcasting.

In 2011, Sanoma acquired 67% of the Netherlands and Belgium operations of SBS Broadcasting, jointly with Dutch producer John de Mol (33%). Sanoma divested its Belgian TV operations in 2014.

In 2016, Sanoma is active in two business segments: education on the one side, and Media, on the other, and mainly present in Finland and Netherlands and Belgium.

As regards Media, Sanoma defines itself as a cross-media company, with assets in television, radio press, magazines and digital to market to advertisers audiences that can be reached through a combination of media. Its TV assets include leading free-TV channels in Finland and in the Netherlands, and a package of pay-TV channels in Finland.<sup>49</sup>

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<sup>49</sup> From the website of Sanoma Media. "Who we are": <https://www.sanoma.com/en/media>

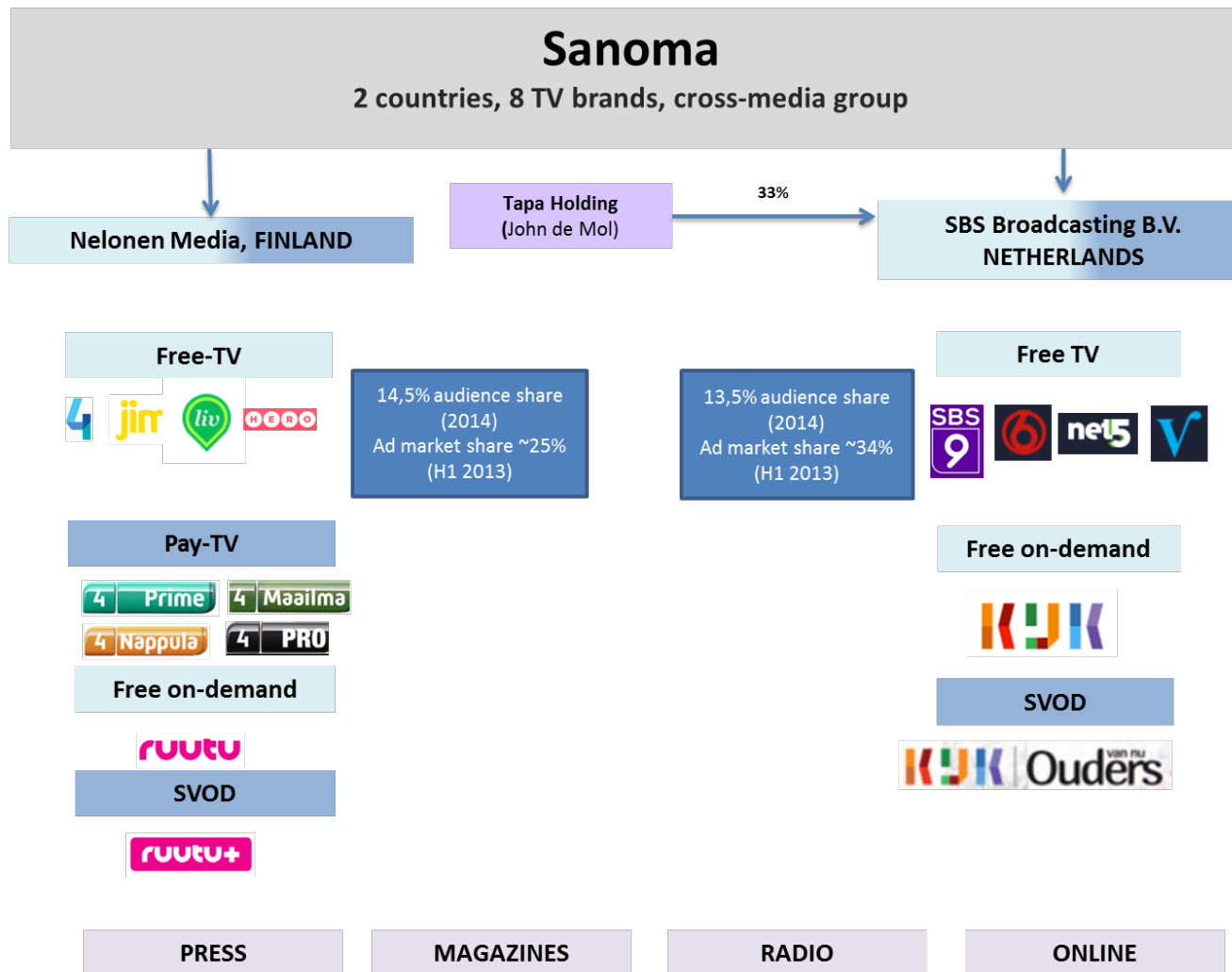


Figure 13: Company overview Sanoma

Sources: MAVISE database, Sanoma company website

## The Modern Times Group

The Modern Times Group (MTG) was created in 1987 as a division of the Kinnevik group with the launch of TV3, the first commercial TV channel in Scandinavia. In 1989, MTG expanded into pay-TV with the launch of TV1000, and then, in 1991, with the Viasat satellite TV platform.

During the following years, national versions of TV3 launched in the Scandinavian countries, and MTG start investing outside Scandinavia, primarily in the Baltics. The company also created Metro, the first freely distributed newspaper financed entirely by advertising. In 1997, MTG was demerged from Kinnevik and became public, and, Metro, the newspaper activity was demerged from MTG in 2000.

In 2002, MTG started investing in StoryFirst Communications, the owner of the Russian TV network CTC. During the following years, MTG further expanded its footprint outside Scandinavia to several East European countries. In 2008, MTG took its first steps in Africa with the launch of the free-TV channel Viasat1 in Ghana.

In 2013, MTG strengthened its assets in TV production with the acquisition of Nice, the largest TV production group in the Nordic region. And in 2015, MTG acquired one of the leading multichannel networks, zoomin.tv, and started a process to divest its TV operations in Hungary (to Sony/AXN), Russia and the Ukraine.

MTG now operates a portfolio of leading free-to-air TV channels in Sweden, Norway and Denmark, in the Baltics, in the Czech Republic and in Bulgaria. The figure overleaf outlines these operations and their shares of “target audiences” in the market.

Its main digital assets include the MCN zoomin.tv, splay networks and Talents, and Turtle Entertainment, one of the largest esports companies, and the SVOD service Viaplay. It controls a leading TV production company, Nice. In June 2016, the group announced that it had purchased a 22% stake in another cross-platform sports content company Engage Sports Media.<sup>50</sup>

## and Viasat

The satellite platform Viasat distributes its free-to-air television channels, but also a pay-TV package built around the flagship channel TV1000, in the 4 Scandinavian countries and in the Baltics with circa 1.2m subscribers (end 2015). 2011 saw the launch of the OTT subscription service Viaplay across the Nordic region. The Viasat pay-TV channels include a wide range of film and sports channels, and also documentary channels.

Many of these channels are also available over other distribution platforms throughout Europe.

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<sup>50</sup> Information from the website of the Modern Times Group : “What we do” : <https://www.mtg.com/our-world/what-we-do/> and from the Modern Times Group Annual Report 2015: [http://annualreport2015.mtg.com/wp-content/uploads/2016/04/MTG\\_2015\\_eng.pdf](http://annualreport2015.mtg.com/wp-content/uploads/2016/04/MTG_2015_eng.pdf)



## Modern Times Group

**9 countries, average target audience share 34%, 1,2 m satellite subscribers, 1 pan-regional SVOD service**

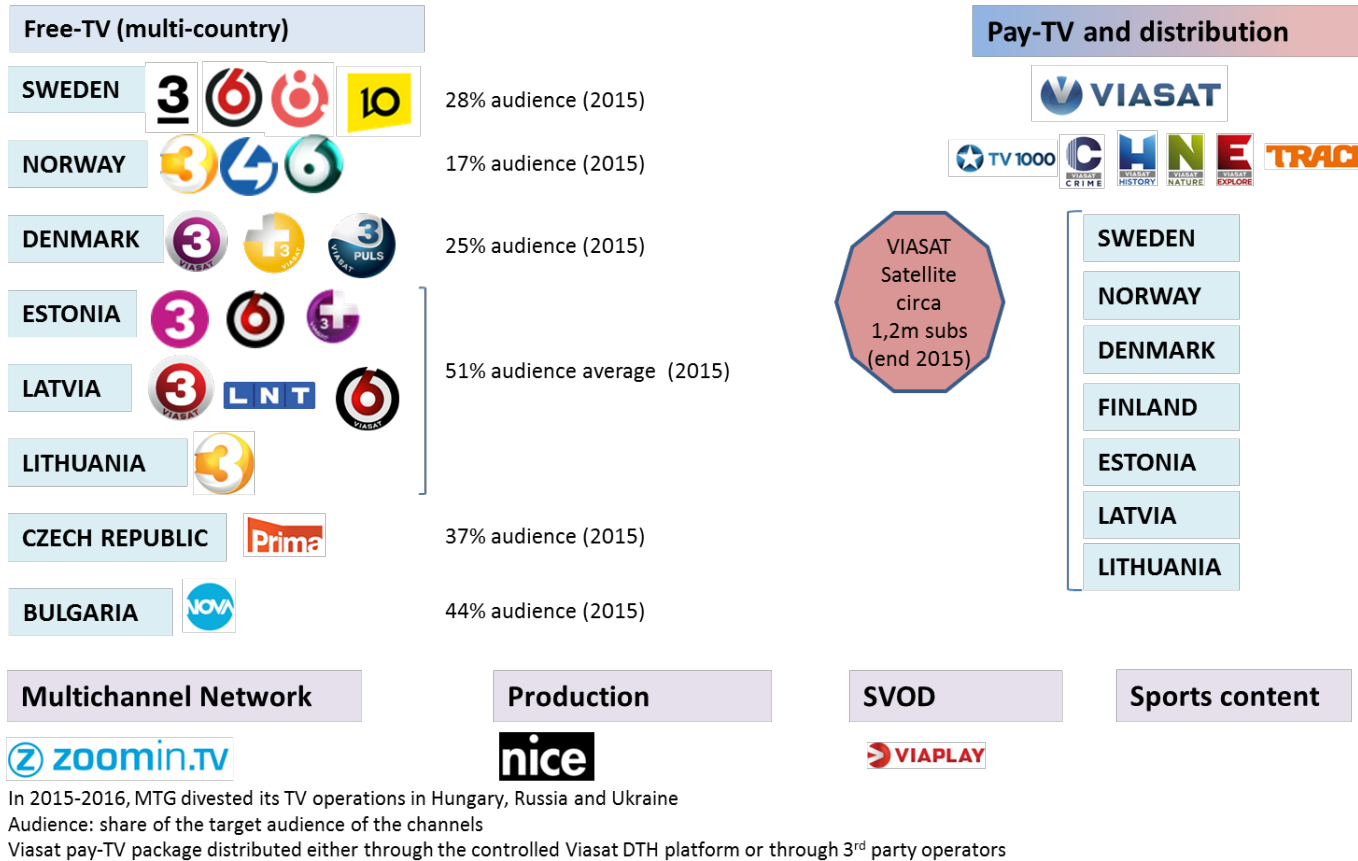


Figure 14: Company overview The Modern Times Group and Viasat

Sources: MAVISE database, websites of Modern Times Group, Viasat (audiences, subscribers etc.)



## The Walt Disney Company

Disney's television activities in Europe started in Europe with the launch of Disney Channel in the UK in 1995. The channel has gradually increased its coverage by making the UK version available on a European basis and then declining it into national versions.

In Europe, one of the main holding companies of the US Walt Disney Inc. is Wedco, based in Luxembourg. It holds the subsidiaries in Italy, the United Kingdom (and via the UK company the subsidiaries in France, Germany, Spain, Sweden (Nordic states), the Netherlands (Benelux), etc. ).

Also in 1995, the children's channel Super RTL, a joint venture between Disney and the RTL group launched in Germany.

In October 2001, Disney-ABC invested in the portfolio of children channels in Europe owned by Fox (Jetix Europe), and took full control in 2008. The Jetix channels were later rebranded as Disney XD.

In 2006, Disney launched Disney Magic in the UK (now Sky Movies Disney), a premium channel. The channel gradually expanded into 6 European countries. Disney Cinema and Disney XD channels are mainly licensed in the UK.

The European portfolio of Disney channels increased again with the launch of Disney Junior in 2012. Also in 2012, Disney launched Disney Nature TV, a SVOD service dedicated to in-house documentaries.

Disney has also expanded in Europe since 1995 through the A+E Networks, a joint-venture between Disney and the Hearst cooperation. A+E Networks operates 4 TV channels in Europe through a joint-venture with Sky plc.: A&E (available in 4 European countries), Crime & Investigation (available throughout Europe), the History Channel (also available throughout Europe) and Lifetime TV.<sup>51</sup>

However, in Spain and Portugal, the History Channel Iberia is a joint venture between A+E Networks and AMC International.

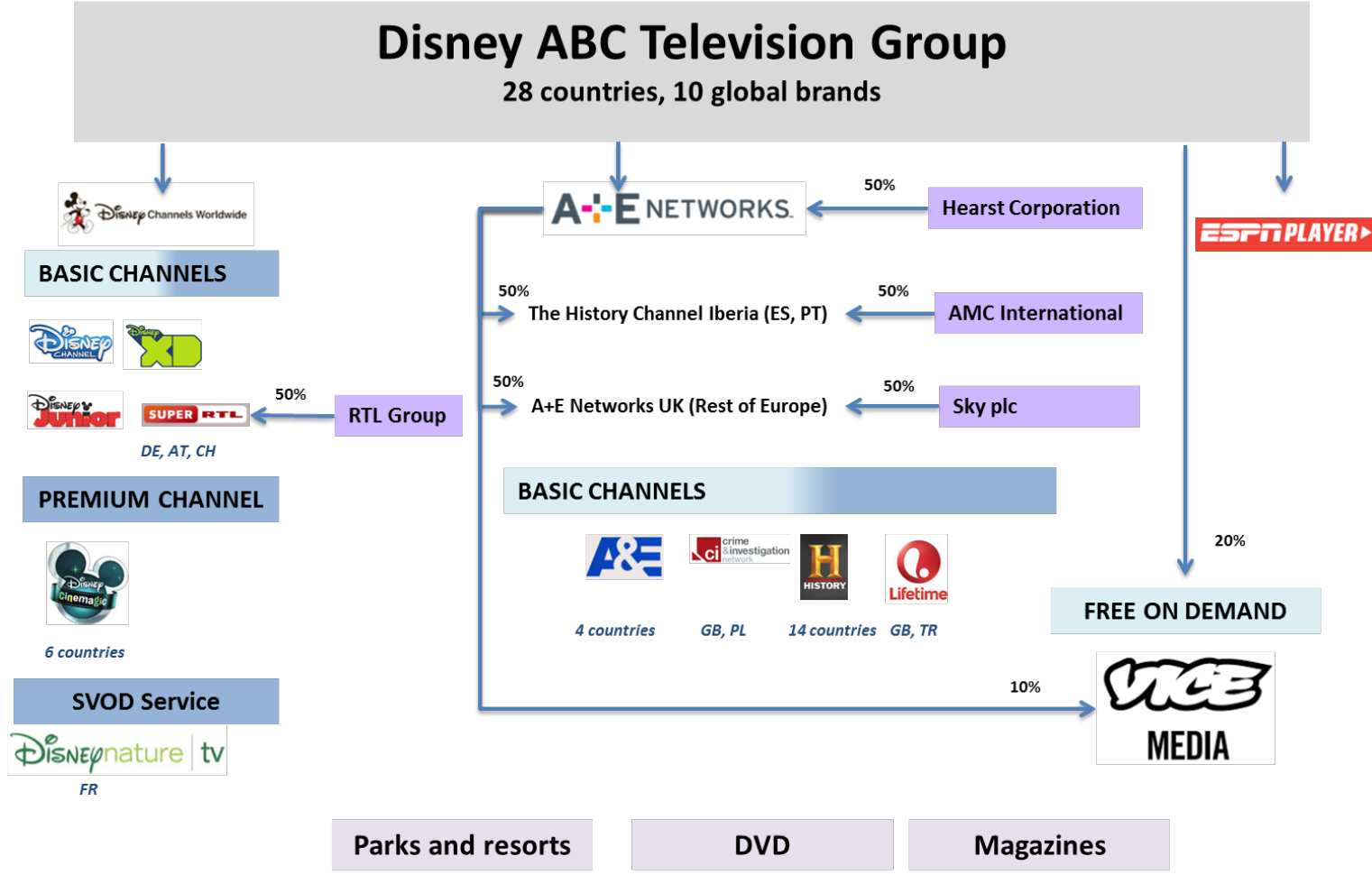
Disney's sport channel ESPN was available in the UK between 2009 and 2013 when it was sold to BT. ESPN player, a SVOD sport service providing live and on-demand sport remains available all over Europe.

Disney is also a shareholder of Vice, a leading information and entertainment Internet video platform, directly (20%) and via A+E Networks (10%).

In the film production sector Disney operates through its production companies Walt Disney Pictures, Pixar, Marvel, Touchstone and Lucas film.

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<sup>51</sup> Information from the websites of Walt Disney Europe Limited : <http://disney.co.uk/about-us> and from Walt Disney Inc : <https://thewaltdisneycompany.com/>



Disney Channel operated in Russia through a joint-venture with YUTV  
 Disney Cinemagic: in FR: Disney Cinema– in the UK: Sky Movies Disney

Figure 15: Company overview Walt Disney  
 Sources: MAVISE database, Walt Disney company websites

## Time Warner

Time Warner was founded via a merger between Time Inc. and Warner Communications in 1990. The company covers a wide range of activities in the television and film sectors. The major channel brands include TNT, TBS, Adult Swim, Cartoon Network, CNN, HBO, Cinemax, while the significant film (and TV) production companies are Warner Bros. and New Line Cinema.<sup>52</sup> Time Warner focuses on the UK as a licensing hub for most of its pan-European channels.

## HBO

The company has a significant shareholding in pay TV operator HBO (Home Box Office). From the Holding company in the Netherlands, the main subsidiary with the licences for the HBO services throughout Europe is in the Czech Republic. In the Netherlands, HBO (Time Warner) teamed up with cable operator Ziggo (now Liberty Global) regarding the Dutch HBO pay channels. The company that they created - HBO NEDERLAND COOPERATIEF U.A., has a Czech subsidiary HBO Nederlands channels. This is the company that holds the licences from the Czech authorities for the Dutch services.

## CEME

Another important media interest of Time Warner is Central European Media Enterprises (see above, page 32), which the company bought into in 2009 ( in September 2015 it had a 49,9% voting interest).<sup>53</sup> CEME operates in six EU countries, has 36 television brands, a pan-regional VOD service (Voyo) and 49 million potential viewers.

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<sup>52</sup> Time Warner Annual Report 2015: <http://ir.timewarner.com/phoenix.zhtml?c=70972&p=irol-reportsAnnual>

<sup>53</sup> and an approximate 75.7% economic interest in CME. Source: Time Warner Annual Report 2015: <http://ir.timewarner.com/phoenix.zhtml?c=70972&p=irol-reportsAnnual>

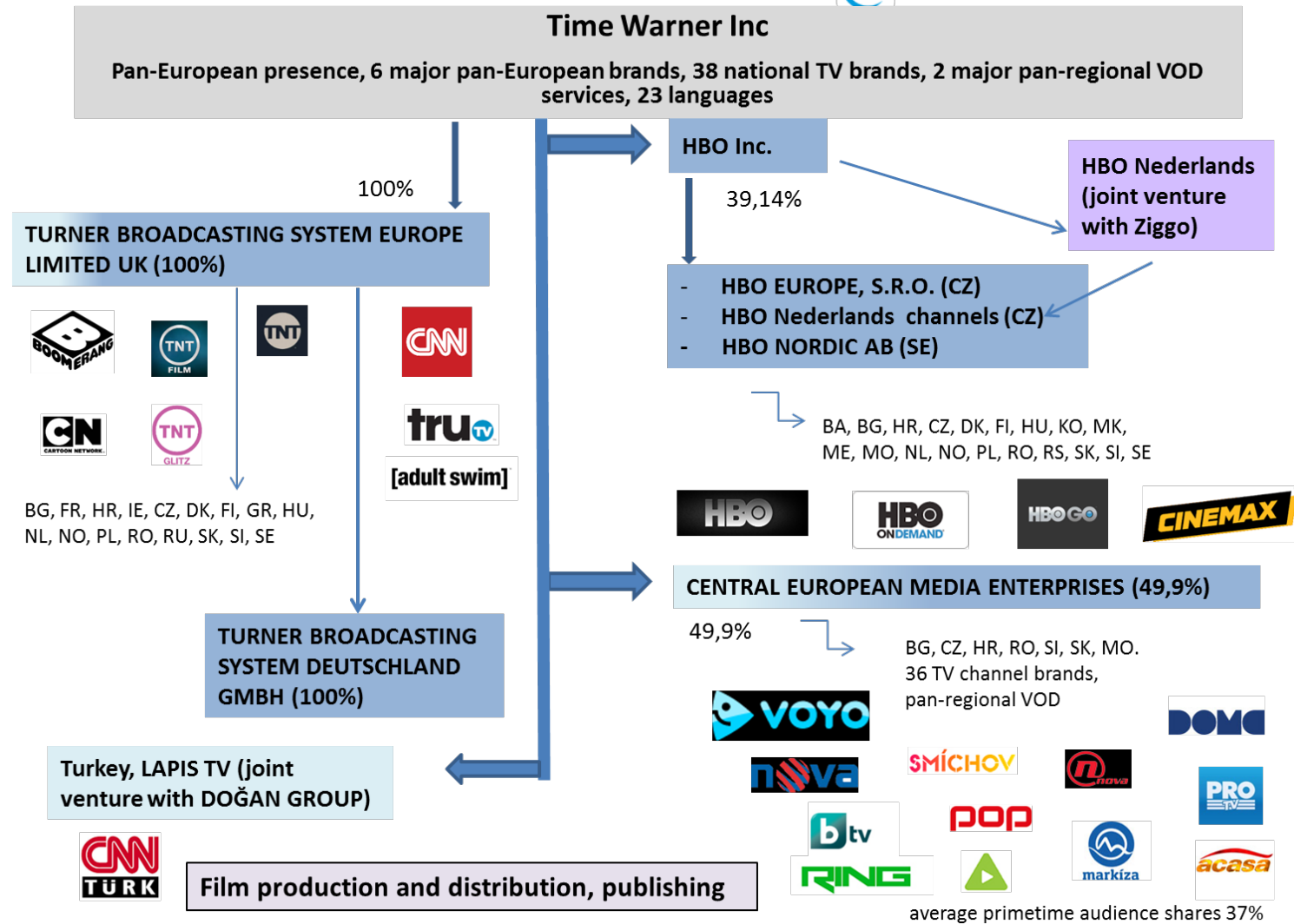


Figure 16: Company overview Time Warner, HBO and CEME  
 Sources: MAVISE database, Time Warner, HBO and CEME company websites



## Vivendi

Vivendi (formerly la Compagnie Générale des Eaux) was a diversified group with two main activities: communication and environment. The Vivendi environment segment was divested and Vivendi refocused on media and telecommunications.

In 2012, Vivendi started the process to focus on media and divested its telecommunications operations (Maroc Telecom, SFR, GVT). Vivendi built-up its media portfolio by taking control of the French terrestrial pay-TV channel Canal+ in 1994.

Launched in 1984 as a terrestrial channel, Canal+ progressively developed its activities with the launch of a pay-TV package (CanalSat), first made available via satellite and then on cable and IPTV. In 2006 CanalSat merged with its competitor TPS, backed by free-TV channels TF1 and M6.<sup>54</sup>

Canal+ further developed its pay-TV activities by launching a SVOD service, CanalPlay, but also diversified into free-to-air television. Canal+ also developed outside France in Poland, Scandinavia, Spain and Belgium, but was forced to divest most of its non-French activities (with the exception of Poland) when Vivendi suffered a strong financial crisis in 2000. Outside Europe, Canal+ however gradually expanded in Africa and in Vietnam.

Since 2012, Canal+ is more integrated into Vivendi's strategic objective to build a pan-European media group. Vivendi took a share in one of the largest European TV production groups, Banijay, to reinforce the already strong position of Canal+ in film production via its subsidiary StudioCanal. Both companies were in the top 10 production companies in Europe (by operating revenues) in 2014.<sup>55</sup> In 2015, Canal+ entered into a joint venture in Poland with Discovery to launch Canal Plus Discovery (to include up to 120 hours of Polish productions).<sup>56</sup>

Vivendi also took over Dailymotion (in 2015), a video sharing platform available in 14 countries and launched a SVOD service in Germany, Watchever.

Also in 2016, Vivendi reached an agreement with Mediaset to acquire its pay-TV activities in Italy (Mediaset Premium). At the same time Vivendi raised its stake in Telecom Italia to 24.9%.<sup>57</sup>

It was announced in June 2016 that Vivendi would unite the SVOD platforms CanalPlay (France), Infinity (Italy) and Watchever (Germany) who together have 1.5 million subscribers. This would establish a pan-European SVOD service (to be established initially in Germany).<sup>58</sup>

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<sup>54</sup> Vivendi corporate website. Vivons Ensemble: <http://www.vivendi.com/>

<sup>55</sup> Yearbook of the European Audiovisual Observatory 2015 <http://yearbook.obs.coe.int/>

<sup>56</sup> TELECOM PAPER (April 7 2015): "Canal Plus Discovery channel to start in May" : <http://www.telecompaper.com/news/canal-plus-discovery-channel-to-start-in-may--1075376>

<sup>57</sup> Reuters (March 10, 2016): Vivendi ups Telecom Italia stake to just below bid threshold <http://www.reuters.com/article/us-vivendi-telecomitalia-idUSKCN0WD22G>

<sup>58</sup> Les Echos.fr (10, April, 2016): "Vivendi pose la première pierre d'un groupe de télévision « latin »": <http://www.lesechos.fr/tech-medias/medias/021830552818-vivendi-pose-la-premiere-pierre-dun-groupe-de-television-latin-1212745.php>

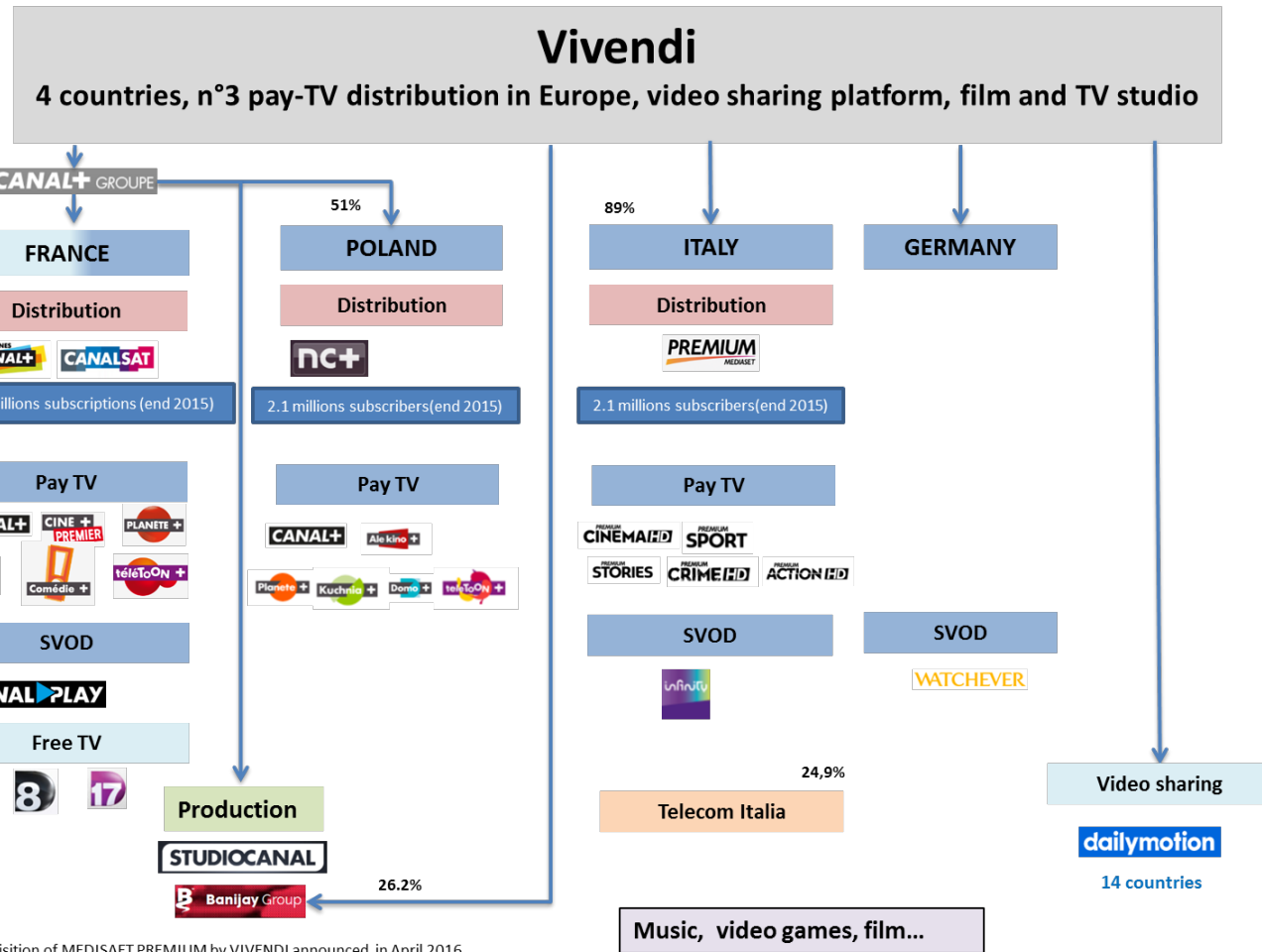


Figure 17: Company overview Vivendi

Sources: MAVISE database, Vivendi company website

## Viacom

Viacom started its European expansion with the launch of **MTV** Europe in 1987, in cooperation with British Telecom (BT). Viacom took full control of MTV Europe in 1991. Starting from 1997, MTV Europe was declined into national or regional channels. Viacom's main European holding company is in the Netherlands (Viacom Overseas Holdings C.V., and Viacom Netherlands Holdings B.V.).

For the purpose of establishment of its pan-European TV channel brands, the company uses the Czech Republic, the Netherlands and the UK as its main operating hubs. However, many channels have specific local licences in some of the larger European countries such as the Germany, Italy and Spain. The UK, Italian and German companies are direct subsidiaries of the US company.

The international version of MTV and the international versions of other MTV brands such as MTV Dance, MTV Hits and MTV Rocks (targeting Europe and beyond) are all licensed in the Czech Republic (under MTV International SRO, a subsidiary of the Dutch companies).

MTV's sister channel VH1 Europe launched in 1994 but remained for the most part a unique pan-European programme, except in the UK. All of the European and international versions of VH1 and VH1 Classic are licensed under the Czech or Dutch companies.

In 2004, Viacom further developed its portfolio of Music channels by purchasing VIVA, a German music channel with localised versions in 9 other European countries (mainly licensed in the Czech Republic).<sup>59</sup>

**Nickelodeon**, Viacom's children channel brand, launched in the UK in 1993, and later expanded into a pan-European version and other local channels in 15 countries. Sky holds 40% of Nickelodeon in the UK. Previously a programming block of Nickelodeon, Nick Jr was launched as a stand-alone channel in the UK in 1999 and similarly made available in other countries with localized versions.

Nickelodeon targets a range of countries from the Czech Republic (such as Bulgaria, Czech Republic, Estonia, Iceland, Latvia, and the Slovak Republic).

**Comedy Central** launched in Germany in 2007 and further expanded into 14 European countries.

In the UK, the channel is owned by the Paramount UK Partnership a joint venture between Paramount Pictures (a subsidiary of Viacom) and Sky plc. Sky holds a 33% of the UK and Ireland services.

The **Paramount channel**, which broadcasts back catalogues films produced by Paramount, was launched in Spain in 2012 and subsequently in 13 more European territories.

In 2014, Viacom moved beyond the exploitation of its US channels in Europe by purchasing a major commercial network in the UK, **Channel 5** (which ranks fifth in audience shares in the UK).

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<sup>59</sup> Information from Viacom corporate website: History and timeline : <http://www.viacom.com/about/pages/history.aspx>

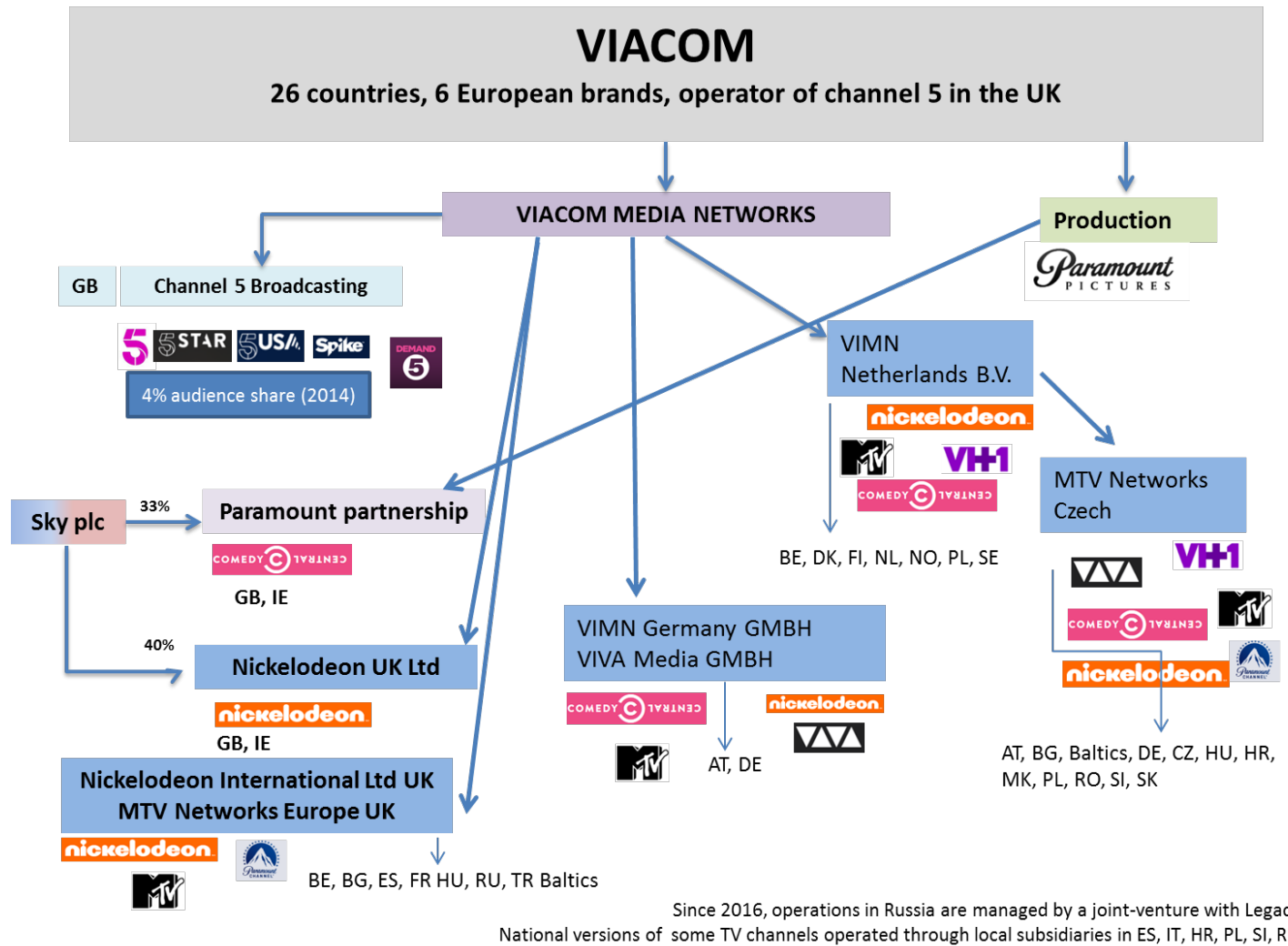


Figure 18: Company overview Viacom

Sources: MAVISE database, Viacom company websites



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