



DETERMINATION OF MERGER NOTIFICATION M/11/036 -

Independent / Grabone

Section 21 of the Competition Act 2002

Proposed acquisition of joint control by Independent Newspapers (Ireland) Limited and Grabone Investments Limited of Grabone (Ireland) Limited.

Dated 23 November 2011

Introduction

1. On 26 October 2011, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed transaction whereby Independent Newspapers Ireland Limited ("INIL") and Grabone Investments Limited ("Grabone Investments") would acquire joint control of Grabone (Ireland) Limited ("Grabone Ireland").
2. On 26 October 2011, the Authority forwarded a copy of the notification to the Minister, and notified the undertakings involved that it considered the proposed transaction to be a media merger within the meaning of section 23(1) of the Act.

The Transaction

3. The proposed transaction will result in INIL and Grabone Investments acquiring joint control of Grabone Ireland. Post transaction INIL will hold [...] per cent and Grabone Investments [...] per cent of the entire total issued share capital of Grabone.¹ Also [...].

The Undertakings Involved

Independent Newspapers Ireland Limited

4. INIL is a wholly owned subsidiary of Independent News and Media PLC ("INM"),² a newspaper and communications group, active primarily in the State, Northern Ireland and South Africa.³

¹ Neither INIL nor Grabone Investments can exert sole control post transaction. [...].

² The INM group publishes over 180 newspaper and magazine titles worldwide. Irish titles include the Irish Independent, Irish Daily Star, Sunday Independent, Sunday World, Evening Herald and Ireland's Own as well as 13 regional titles (Bray People, Carlow People, Drogheda Independent, Enniscorthy Guardian, Fingal Independent, Gorey Guardian, New Ross Standard, The Argus, The Corkman, The Sligo Champion, Kerryman, Wicklow People and Wexford People). INM also publishes MetroHerald (jointly with Irish Times Limited and DMG Ireland Holdings Limited).

See <<http://www.tca.ie/EN/Mergers--Acquisitions/Merger-Notifications/M09013--Metro--Herald-AM.aspx?page=1&completed=True&year=2009>>.

³ INM also has a 31.6 per cent interest in APN News & Media Limited ("APN") the parent company of APN Online Australia Limited ("APN Online").

5. Within the State, INIL is involved principally in newspaper printing and publishing. INIL is also involved in the distribution of newspapers, magazines and electronic media.
6. For the year ended 31 December 2010 INM worldwide turnover was approximately €626 million of which €399 million was generated in the State.⁴

Grabone Ireland

7. Grabone Ireland was incorporated in Dublin on 3 August 2011. Grabone Ireland is active in selling coupons, including 'deal of the day' offerings, via digital media.⁵ Grabone's projected turnover for the year ended December 31 2011 is approximately €[...] million.
8. Grabone Ireland is a wholly-owned subsidiary of UK-based Grabone Investments. Grabone Investments is a joint venture between APN Online Australia Limited ("APN Online"), a wholly owned subsidiary of APN News and Media, and the Shane Bradley Trust.⁶
9. The parties say that Grabone Investments' involvement in the State is limited to the activities of Grabone Ireland.
10. The parties also say that Grabone Investments' parent entities (i.e., APN Online, and the Shane Bradley Trust) are not currently active in the State. Furthermore, according to the parties, no subsidiary of APN News and Media, the parent company of APN Online, is currently active in the State.⁷

Third Party Submissions

11. No submissions were received.

Rationale for Proposed Transaction

12. The parties state that the proposed transaction will grow Grabone Ireland's activities in the expanding Irish coupon market. The parties state that growth will occur as a result of combining (i) INIL's existing workforce, facilities and profile in Ireland, and (ii) Grabone's knowledge and experience of the New Zealand and Australian coupon markets.

Analysis

13. Within the State, there is no horizontal overlap between either INIL and Grabone Ireland, or INIL and Grabone Ireland's joint venture

⁴ The parties advise the INIL turnover for the year ended 31 December 2010 was approximately €[...] million. The parties advise INIL's projected turnover for 2011 is approximately €[...] million. The parties advise that all INIL turnover is generated within the island of Ireland.

⁵ A 'deal of the day' is an offer of a discounted product or service for sale for a given period, usually 24 to 72 hours. Customers purchase the 'deal-of-the-day' from the website offering the deal.

⁶ APN News and Media is an Australian incorporated media company, active in Australia and New Zealand. See <<http://www.apn.com.au>>. Shane Bradley Trust is active predominantly in New Zealand and Australia. It holds interests in start-up web-based projects including a 25% of the equity in IdeaHQ, which, in turn, owns 100% of, New Zealand-based, Grabone Limited. For information on Shane Bradley see for example <<http://ideahq.co.nz/how-were-helping/grabone>>.

⁷ For the financial year ended 2010, APN had consolidated worldwide aggregate turnover of approximately €734 million of which none was generated in the State.

parents - APN Online and the Shane Bradley Trust. There is no overlap because (i) INIL is not active in offering coupons via digital media, and (ii) currently none of Grabone, APN Online, or the Shane Bradley Trust is active within the State.

14. The proposed transaction does not raise any vertical issues within the State.
15. In light of the above, the Authority considers that the proposed transaction will not raise competition concerns in any market for goods or services in the State.

Ancillary Restraints

16. As part of the proposed transaction, the shareholders have entered into non-compete and non-solicitation covenants, to apply for a durations of [...] and [...] months respectively. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed transaction whereby Independent Newspapers Ireland Limited and Grabone Investments Limited would acquired joint control of Grabone (Ireland) Limited will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect, subject to section 23(9)(a) of the Act.

For the Competition Authority

Noreen Mackey
Member of the Competition Authority
Director, Mergers Division