



DETERMINATION OF MERGER NOTIFICATION M/13/006 -

Clare FM & Terence and Gay Mangan / Tipp FM

Section 21 of the Competition Act 2002

Proposed acquisition by Clare Community Radio Holdings plc, Terence Mangan, Gay Mangan and Liam O'Shea of joint control of County Tipperary Radio Limited

Dated 10 April 2013

Introduction

1. On 14 March 2013, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed acquisition whereby Clare Community Radio Holdings plc (trading as Clare FM ("Clare FM")), Terence Mangan, Gay Mangan and Liam O'Shea would acquire joint control of County Tipperary Radio Limited (trading as Tipp FM ("Tipp FM")).
2. On 14 March 2013, pursuant to section 23 (1) of the Act, the Authority forwarded a copy of the notification to the Minister and notified the undertakings involved in the proposed transaction that the Authority considered it to be a "media merger" within the meaning of section 23 of the Act.

The Proposed Transaction

3. As indicated above, the proposed transaction concerns the acquisition of joint control over Tipp FM by Clare FM, Terence Mangan, Gay Mangan and Liam O'Shea. The acquisition of joint control would be effected through Dreamglade Limited ("Dreamglade"), a new company that has been created specifically for the purposes of the proposed transaction.
4. The issued share capital of Dreamglade is currently held by Clare FM (44.7%), Terence Mangan (13.8%), Gay Mangan (13.8%) and Liam O'Shea (27.7%). Clare FM, Terence Mangan, Gay Mangan and Liam O'Shea jointly control Dreamglade.
5. In the proposed transaction, Dreamglade would acquire 56.1% of the issued share capital of Tipp FM¹. The acquisition of 56.1% shareholding will confer Dreamglade control over Tipp FM. As Dreamglade is jointly controlled by Clare FM, Terence Mangan, Gay Mangan and Liam O'Shea, the proposed transaction will confer joint control of Tipp FM to Clare FM, Terence Mangan, Gay Mangan and Liam O'Shea. It is intended that no decision within Dreamglade regarding

¹ At present, the issued share capital of Tipp FM is held by Irish Press Media (28.47237%) and Butville Limited (27.68018%), Active Link Co-Operative Society (17.09748%) and a number of other companies and individuals. Dreamglade will acquire 56.1% shareholding from Irish Press Media and Butville Limited.

its investment in Tipp FM will be taken without the prior agreement of Clare FM, Terence Mangan, Gay Mangan and Liam O'Shea.

The Undertakings Involved

Clare FM

6. Clare FM is involved in the business of radio broadcasting to listeners located in County Clare. Clare FM targets adults aged 15yrs+ with a particular focus on 25yrs+ year olds in County Clare.
7. As a commercial radio broadcaster, Clare FM operates in the radio advertising market.
8. Radio stations derive their revenue from the sale of radio advertising. Two established sales organisations in the State – Independent Radio Sales (“IRS”) and Broadcast Media Sales -- act on behalf of local and regional stations selling advertising time to advertisers and advertising agencies.
9. Clare FM sells radio advertising airtime to advertisers who wish to target listeners located in County Clare. Clare FM sells radio advertising airtime through IRS. Clare FM holds 10% of the issued share capital of IRS and nominates one member of the board of IRS².
10. For the financial year ending 31 December 2012, Clare FM’s turnover in the State was €[].

Terence Mangan and Gay Mangan

11. Terence Mangan and Gay Mangan own 80% of the issued share capital of both Mangan Bros. Holdings and Mangan Retail Properties Limited.
12. Mangan Bros. Holdings is an investment holding company that owns a number of warehouse properties and leases them to a cross section of tenants, the majority of which are in the cash and carry and wholesale distribution business. Mangan Retail Properties Limited is a company that licenses a number of retail grocery stores to licensees situated in the West of Ireland.
13. Neither Terence Mangan nor Gay Mangan has a controlling interest in the radio business. Their only interest in the radio business is their minority shareholding (1.93%) that each of them holds in Clare FM.
14. For the financial year ending 31 December 2012, the turnover of Mangan Bros. Holdings in the State was €[]. For the same financial year, the turnover of Mangan Retail Properties Limited in the State was €[].

Liam O'Shea

15. Liam O'Shea does not control any undertaking(s). Liam O'Shea has a 5% interest in Spin South West and a 5.68% interest in Clare FM.

² There are 10 board members of IRS.

Tipp FM

16. Tipp FM is involved in the business of radio broadcasting to listeners located in County Tipperary. Tipp FM targets adults aged 15yrs+ with a particular focus on 25yrs+ year olds in County Tipperary.
17. As a commercial radio broadcaster, Tipp FM operates in the radio advertising market. Tipp FM sells radio advertising airtime to advertisers willing to target listeners located in County Tipperary. Tipp FM sells radio advertising airtime through IRS. Tipp FM holds 10% of the issued share capital of IRS and nominates one member of the board of IRS.
18. For the year ending 31 December 2012, Tipp FM's turnover in the State was €[].

Rationale for the Proposed Acquisition

19. According to the parties, the proposed transaction will enable Dreamglade to achieve efficiencies and cost savings through sharing the costs between Tipp FM and Clare FM.

Third Party Submissions

20. No submission was received.

Radio Broadcasting in Ireland – The Regulatory Regime

21. Radio broadcasting in Ireland is regulated by the Broadcasting Authority of Ireland ("BAI"), an independent statutory organisation responsible for a number of key areas of activity with regard to television and radio services in Ireland as provided under the Broadcasting Act 2009.
22. Specifically with regard to radio broadcasting an independent commercial radio station cannot legally commence broadcasting in the State without a licence issued by the BAI. Entry into the Irish radio industry is subject to the award by the BAI of broadcasting licence which set out the nature of the service to be provided and the geographic area within which that service will be provided ("franchise area"). The BAI monitors compliance with the licence.
23. Under the licences granted by the BAI, Clare FM and Tipp FM are only allowed to broadcast to their respective franchise areas namely, County Clare and County Tipperary respectively. Neither radio station targets (nor is allowed to target) any geographic area outside of their respective counties.
24. Due to the nature of radio waves and the impossibility of restricting them to a specific geographic area there is spillage of weaker signals in the areas located near the counties' border. This applies to all radio stations around the world and is an accepted fact in FM broadcasting. However, the spillage is minimal and is controlled by the BAI by limiting the power of the transmitters and by the design of the transmission aerials.

Competitive Analysis

Horizontal Overlap

25. Both Clare FM and Tipp FM are radio broadcasters in Ireland involved in the radio broadcasting and advertising markets. In principle, there is no geographic overlap between the activities of Clare FM and Tipp FM in the radio advertising market. Clare FM sells radio advertising to advertisers who wish to target listeners located in County Clare while Tipp FM sells radio advertising to advertisers who wish to target listeners located in County Tipperary.
26. Due to spillage of weaker signals in the areas located near the counties' border Tipp FM and Clare FM may compete with each other for local radio advertising in small geographic areas. However, the spillage is minimal and does not raise competition concerns.

Vertical Overlap

27. There is no vertical overlap between the activities of Clare FM and Tipp FM.
28. There is no vertical overlap between the activities of Tipp FM and the activities of the companies controlled by Terence Mangan and Gay Mangan, namely Mangan Bros. Holdings and Mangan Retail Properties Limited. Liam O'Shea does not control any business.
29. In light of the above, the Authority considers that the proposed transaction will not raise any competition concerns in the State.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition by Clare FM, Terence Mangan, Gay Mangan and Liam O'Shea of joint control over Tipp FM through Dreamglade Limited will not be to substantially lessen competition in markets for goods or services in the State, and, accordingly, that the acquisition may be put into effect, subject to section 23(9)(a) of the Act.

For the Competition Authority

A handwritten signature in black ink, appearing to read "Stephen Calkins". The signature is fluid and cursive, written on a white background.

Stephen Calkins
Member of the Competition Authority
Director, Mergers Division