



DETERMINATION OF MERGER NOTIFICATION M/15/008 - DISCOVERY/SETANTA SPORTS ASIA

Section 21 of the Competition Act 2002

Proposed acquisition by Discovery Networks Asia-Pacific PTE. Limited of sole control of Setanta Sports Asia Limited

Dated 12 March 2015

Introduction

1. On 26 February 2015, in accordance with sections 18(1)(b) and 18(5) of the Competition Act 2002, as amended¹ (“the Act”), the Competition and Consumer Protection Commission (“Commission”) received a notification of a proposed transaction whereby Discovery Networks Asia-Pacific Pte. Limited (“Discovery Networks AP”) would acquire sole control of Setanta Sports Asia Limited (“Setanta Asia”).
2. Given that the acquirer, Discovery Networks AP, carries on a “media business” within the State (as defined in section 28A(1) of the Act) and the target (i.e. Setanta Asia) carries on a “media business” elsewhere, the proposed transaction constitutes a “media merger” for the purposes of Part 3A of the Act.

The Undertakings Involved

Discovery Networks AP

3. Discovery Networks AP is an indirectly wholly-owned subsidiary of Discovery Communications, Inc. (“Discovery”), a US company publicly traded on the NASDAQ stock market. Discovery is a media company reaching more than 2 billion cumulative subscribers in over 220 countries. It has 190 television networks worldwide. Discovery also provides educational products and services to schools, including a series of K-12 digital textbooks, and it owns and operates Discovery Digital Networks, a diversified portfolio of digital media services, including TestTube, Animalist and the DeFranco Network.
4. Discovery is active in the State via the distribution of its channels over Pay-TV broadcasting platforms such as cable and satellite.
5. For the financial year ending 31 December 2013, Discovery’s worldwide turnover was €5.5 billion. Discovery’s turnover in the State for the same period was €[...].

¹ It should be noted that the Competition and Consumer Protection Act 2014 made a number of important amendments to the merger review regime set out in the Competition Act 2002.



Setanta Asia

6. Setanta Asia is jointly owned by Longkloof Limited and Danu Investment Partners Limited. Setanta Asia is engaged in sports broadcasting and production through the Setanta Sports Asia television channel which is dedicated to carrying rugby union and rugby league sports programming. Setanta Asia is only available to customers via Pay-TV platforms and online in the following jurisdictions: Hong Kong, Singapore, Malaysia & Brunei, Thailand, Sri Lanka, Mongolia, Indonesia, India, the Philippines, and Taiwan. Setanta Asia is not active in the State.
7. For the financial year ending 31 December 2013, Setanta Asia's worldwide turnover was €2.6 million. Setanta Asia generated [...] in the State for the same period.

Rationale for the Proposed Transaction

8. The parties state in the notification:

“Discovery views its potential acquisition of the Target as being in line with its commercial strategy to diversify the portfolio beyond factual content and a natural expansion of its footprint in the APAC region.”

Third Party Submissions

9. No submission was received.

Competitive Analysis

10. There is no horizontal or vertical overlap between the parties in the State.
11. The Commission therefore considers that the proposed transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

12. The Share Purchase Agreement between the parties to the proposed transaction contains a number of restrictive obligations on Longkloof Limited and Danu Investment Partners Limited. These include non-compete and non-solicitation clauses. None of these restrictive obligations exceeds two years in duration. The Commission considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.



Determination

The Competition and Consumer Protection Commission, 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 Discovery Networks Asia-Pacific Pte. Limited would acquire sole control of Setanta Sports Asia Limited will not be to substantially lessen competition in any market for goods or services in the State, and accordingly, that the acquisition may be put into effect subject to the provisions of section 28C(1)² of the Competition Act 2002.

For the Competition and Consumer Protection Commission

Gerald FitzGerald
Member
Competition and Consumer Protection Commission

² Section 28C(1) of the Competition Act 2002, as inserted by section 74 of the Competition and Consumer Protection Act 2014.