



## **DETERMINATION OF MERGER NOTIFICATION M/07/008 - CBS Outdoor/Haveco**

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### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by CBS Outdoor Limited of Haveco Limited**

**Dated 13/02/07**

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### **Introduction**

1. On 31 January 2007, the Competition Authority ("the Authority"), in accordance with Section 18 (1) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposal whereby CBS Outdoor Limited ("CBS Outdoor") would acquire the entire issued share capital in Haveco Limited ("Haveco")
2. The Authority forwarded a copy of the notification to the Minister and notified the undertakings involved that it considers the acquisition to be a media merger, in accordance with Section 23(1) of the Act.

### **The Undertakings Involved**

3. CBS Outdoor, the acquirer, is a private limited company incorporated in the State. It is an indirect subsidiary of CBS Corporation ("CBS").
4. CBS is listed on the New York Stock Exchange and is primarily active in media products and services and has an international portfolio which includes media interests in the United Kingdom, France, Italy, Netherlands, Spain, China and North America.
5. In 2005, CBS was formed from the separation of the businesses of Viacom Inc. Viacom Inc split into two separate publicly traded entities: "Former Viacom" and "New Viacom". "Former Viacom" became CBS. CBS and New Viacom have common shareholders in the form of National Amusements Inc. By virtue of National Amusements Inc's shareholdings in both CBS and New Viacom, both entities are affiliated companies.
6. CBS' activities in the State include the provision of its news feed to Sky TV which is available in the State. In addition, New Viacom carries on a media business in the State through television broadcasting services in the form of MTV and Nickelodeon channels, both of which are available in State on the NTL platform
7. For the financial year ended 2005, CBS worldwide consolidated turnover was US\$14,536.4 million (approximately €11,219.8 million)<sup>1</sup>. In the State, CBS Outdoor, the acquirer, is active in the provision of outdoor advertising services from which it derived turnover of [...].

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<sup>1</sup> Conversion based on exchange rate of 13 February 2007 which is based on ECB reference rates: <http://www.centralbank.ie>

8. In the State, the acquirer is active in the provision of advertising services. The advertising services offered by CBS Outdoor include advertising on roadside billboards, retail media<sup>2</sup> and transit advertising. The acquirer's advertising space is sold directly to customers such as [...] and not sold on behalf of third parties.
9. Haveco, the target, is a private limited company incorporated in the State. The target is active in the provision of marketing and media solutions, in particular, for sports stadium advertising ("stadium signage") and contract publishing
10. The target's stadium signage activities include:
  - (i) sales and marketing services for advertising displays within the stadium;
  - (ii) maintenance of advertising display infrastructure; and,
  - (iii) management of displays while the stadium is in use for its customer [...].
11. This advertising space is sold by the target on behalf of third parties to prospective advertisers. The target also provides similar advertising services to [...].
12. In respect of its contract publishing activities, the target publishes magazines on behalf of the [...] and [...], and an annual yearbook on behalf of [...].
13. For the financial year 2005, the target's worldwide turnover was [...] all of which derived from its activities in the State.

### **Analysis**

14. The activities of the undertakings involved overlap in respect of the provision of advertising services in the State and more specifically in the provision of outdoor advertising services in the State.
15. The undertakings involved have submitted that where the target's stadium signage advertising services are considered to be part of all outdoor advertising services, the post-merger entity will have relatively low shares of outdoor advertising in the State [...].
16. The post-merger entity will compete with other providers of outdoor advertising such as Clear Channel, Titan and JCDeaux which, according to the estimate of the undertakings involved, account for almost [...] of the shares in outdoor advertising in the State.
17. It can be argued, however, that the acquirer and the target offer and carry out different types of advertising. The acquirer is active mainly in the provision of roadside billboard advertising, transit advertising and retail media advertising while the target is active in the provision of advertising services specifically for use in sports stadia.

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<sup>2</sup> This type of advertising may be understood as advertising displayed in retail shopping areas such as shopping centres.

18. Specifically the acquirer is not active in the provision of advertising carried in stadium signage form and the target is not active in the provision of roadside billboard advertising, transit advertising or retail media advertising. Further, the target does not sell advertising space on its own behalf but for third parties unlike the acquirer which sells advertising directly to its own current and potential customers.
19. The Authority has not found it necessary to conclude, for the purposes of this transaction whether the relevant product market includes all types of outdoor advertising or consists of narrower sub-markets of outdoor advertising such as billboards or transit or stadium signage, given the low level of overlap of the activities of the undertakings involved.
20. The Authority's investigation has concluded that the proposed transaction does not give rise to competition concerns.

#### **Ancillary Restraints**

21. The share purchase agreement entered into between the acquirer and the vendors of the target include several ancillary restraints which restrain several of the vendors of the target from competing with the acquirer in respect of [...].
22. The restraint is of [...] duration. Having examined the restraint in question, the Authority has concluded that it is not excessive and is necessary to protect the business equity in the target business being purchased by the acquirer. The Authority's investigation has concluded in this regard that the proposed ancillary restraints do not give rise to competition concerns.

#### **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 CBS Outdoor Limited of Haveco Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect subject to the provisions of Section 23(9) of the Competition Act, 2002.

#### **For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority