

Summary of the Romanian Competition Council's decision no.60/2009

The economic concentration realized by the CME Group through achieving control over Media Pro Group's entertainment division was notified to the Competition Council by the address no. RS-41/11.08.2009.

The enterprises which will be controlled are: Media Pro Pictures SA (hereinafter MPP), Studiorile Media Pro SA (hereinafter MPS), Pro Video SRL (hereinafter Pro Video), MediaPro Distribution SRL (hereinafter MPD), Hollywood Multiplex Operations SRL (hereinafter HMO), Domino Productions SRL (hereinafter Domino), MediaPro Music Entertainment SRL (hereinafter MPME), Promance International SRL (hereinafter Promance).

The acquiring enterprises are CME Production BV and CME Romania BV (hereinafter CME). Both of them are part of the CME Group and are active on the Central and Eastern Europe market for television-related activities (production, broadcasting, etc.). In Romania they control the following companies: Pro TV SA, Mediapro International SA, Media Vision SRL, Sport Radio TV Media SRL and Music Television System SRL.

The enterprises who enter the agreement as sellers, Media Pro Management SA ("MPM") and Media Pro BV ("MPBV"), are controlled by Mr. Adrian Sârbu.

In view of the transaction, the parties have signed a Standard Agreement¹, which foresees the acquisition of MPP, MPS, Pro Video, MPD, HMO, Domino, MPME and Promance (hereinafter, the target enterprises), and also that:

- Participations in the Media Pro Pictures s.r.o., Takova Normalni Rodinka s.r.o. and Zmena s.r.o will also be part of the transaction. According to the parties' statements, these companies haven't sold any products on the romanian market, therefore they do not realize any turnover in Romania, and thus they are not envisaged by this analysis;
- Participations in Eurofilm Art SRL (activity field- cinema, video and tv production), General Prod SRL (activity field- leasing and subleasing of owned and rented real estate properties) and Domino Film SRL (active in the cinema, video and TV production business) but, according to the CME's statements, these participations will not be transferred to CME, on the basis of an additional act to the Standard Agreement, which will be signed prior to the completion of the

¹ Signed at 27th of July, 2009 between CME PRODUCTION B.V. and CME ROMANIA B.V., on one side, and MEDIA PRO MANAGEMENT SA, MEDIA PRO B.V. and Adrian Sârbu, on the other side;

transaction. The draft of the additional act was submitted to the competition authority's attention on November 23, 2009, certified by the „final form agreed by the parties” expression. Therefore, these enterprises are not envisaged by this analysis;

- Also, a series of assets (registered trademarks *Media Pro*, internet domains, programming, production and reproduction rights) not belonging to the target enterprises, will be taken over; in this regard, the notifying party states that these assets cannot be associated with a determined turnover, according to art. 64 para.2² of the competition law and to art. 3.2³ of the *Instructions regarding the calculation of the turnover in cases of anticompetitive conduct as defined by art. 5 para. 1 of the competition law 21/1996, republished, and in cases of economic concentration*; according to CME's statements, none of the assets part of this transaction and which not belong to the target enterprises can be associated with a certain turnover (and neither to a relevant market), therefore, not having an economical value, they do not make part of the economic concentration analysis;

The activities of the acquired societies are as follows:

MPP's main activity is film production (cinema, TV, TV series, documentary TV shows);

MPS is a cinema studio owning production and services facilities for films;

Domino is active in the ad production business;

MPD's main activities include selling rights for MPP productions, of all rights for independent productions and of partial rights for TV, cinema, home-video pay tv, free tv, on line products;

Pro Video is active in the selling of exclusive content in Romania on physical support of home video products (DVD, CD, VHS etc), leasing of this type of products and music distribution on physical support (CDs, tapes);

² Art. 64 (2) In case an economic concentration takes place as provided for by Art.10, par.(2) section b), by purchasing of assets, from the turnover established under par.(1), only the amount relating to the assets constituting the object of the transaction shall be taken into consideration.; par.(1) of the same article provides that: The turnover referred to in Art.8, and Art.14 is the total of the revenues achieved by the concerned undertaking through sales of products and/or services during the previous fiscal year, from which shall be deducted the amounts representing fiscal obligations and the accounted value of the exports (performed directly or through agents);

³ 3.2. Acquiring of assets: In applying the provisions of Art. 64 para. (2) of the Law, there must have in view that, in case of the economic concentrations implemented as provided for in art.10 par.(2) lett. b) of the Law, through acquiring parts of assets, when calculating the turnover it will be taken into consideration the turnover of the purchaser, respectively of the group of which he is part and **the turnover relating to the assets which are subject of the transaction. When this cannot be determined, because the activity or the specific of assets involved in transaction do not allow it, it would be taken into consideration a turnover calculated based on the weight of the assets in the overall patrimony;**

HMO is mainly active in the exploitation of cinema spaces business, in the sense of movie projection (Hollywood Multiplex București, Hollywood Multiplex Oradea and Cinema Pro) and it is involved in selling food products by owned spaces inside the cinemas and in advertising selling;

MPME has taken over in 2009 the music related activities of Media Pro Music & Events SRL (formerly known as Compania de Radio Pro SRL- active in 2008 both in the radio and music industry). PRO TV SA, member of the CME Group, has taken over in 2008 from Compania de Radio Pro SRL the licenses and other assets belonging to the radio stations known to the public as Info Pro, Pro FM and PRO Clasic, and in 2009 the music related activity, following its transfer to Media Pro Music & Entertainment SRL, which is involved in the analysed transaction. Therefore, the conditions of art. 64 para. 3⁴ of the competition law are fulfilled, and these transactions are subject to the economic concentration analysis.

Promance, pursuant to the parties' statements, has not been engaged in any activity ever since its foundation.

The ancillary restrictions stated in the Standard Agreement are seen as directly involved and necessary to the completion of the notified economic concentration, but only to the extent of the relevant markets and for a period of 3 years from signing the Standard Agreement, in order to be perfectly congruent to the *Regulation regarding the authorisation of economic concentrations*.

The Competition Council has assessed, by its **Decision no. 60/24.11.2009**, that the economic concentration realized by CME Production BV through acquiring sole control over Media Pro Pictures SA, Studiorile Media Pro SA, Pro Video SRL, MediaPro Distribution SRL, Hollywood Multiplex Operations SRL, MediaPro Music Entertainment SRL and Promance International SRL and also over the assets belonging to the radio stations known to the public as Info Pro, Pro FM and Pro Clasic, and of joint control over Domino Productions SRL, although falling under competition's law provisions, in the manner presented by the parties does not raise any significant concerns as regards its compliance with a normal competitive environment.

⁴ "(3) If two or several transactions of the kind mentioned in par.(2) take place between the same individuals and/or legal entities during a 2-year period, they shall be considered a single economic concentration operation, concluded on the date of the last transaction".