



## **Discovery and Spektrum TV channels under the same control**

**The Hungarian Competition Authority (GVH) announced that it had granted conditional approval to Chellomedia's acquisition of the Hungarian TV channel Spektrum TV. The GVH authorised the acquisition on condition that the acquirer guarantees third-party access to Spektrum TV until 31 July 2012.**

Chellomedia Programming BV bought 100 pct of the shares of Spektrum TV Zrt. in April 2008. Chellomedia is a member of the group of undertakings controlled by Liberty Global Inc. The Liberty-group has telecommunications networks in 15 countries besides providing media and content provision services all over the world. The Liberty-group has several affiliates in Hungary too: of them, UPC provides cable TV, Internet and telephone services; Monor Telefon supplies UPC Direct satellite TV services; Sport1 Holding Zrt. sells Sport1 and Sport2 TV programmes, TV Paprika Zrt runs the thematic channels TV Deko and TV Paprika and Filmmúzeum Zrt is the vendor of the nostalgia movie channel Filmmúzeum. Foreign members of the Liberty-group are also present in the Hungarian market with the Minimax, Club, Romantica, Europe and Reality TV channels (in Hungarian language) and the channel Extreme Sports.

John C. Malone is the biggest, though minority shareholder of and chairman of the board of directors of Liberty Global Inc. He is also the biggest, but minority shareholder and CEO of Discovery Holding Company. The latter undertaking is a 66 pct shareholder of Discovery Communications Inc. which operates the Discovery documentary channel in Hungary too. Based on all this information, it can be established that John C. Malone has factual control of both Liberty Global Inc. and Discovery Holding Company (together: the Malone-group).

The aim of Spektrum TV provided by Spektrum Zrt. is to broadcast high quality scientific and documentary films and documentary series with Hungarian language support. Spektrum TV demands around 1300 hours of documentary film stock a year. Most of its revenue comes from cable-subscriptions, the rest from advertisements and sponsors. The channel is received in more than 2 million households in Hungary as part of channel subscription packages. It cannot be received separately.

With two of the most important TV channels broadcasting documentary films getting into the same group of undertakings serious changes would take place in the field of TV channel sales, the GVH found. That means that only two independent players will operate on the market. In spite of this fact the GVH has no fears about the Malone-group getting into a dominant position, since National Geographic means a good counterweight on the market. According to the GVH the Malone-group cannot get in a dominant position even together with

the channel National Geographic, since special documentary channels (e.g. Viasat Explorer, Viasat History) are also competitors of the not specified general documentary channels.

However the Malone-group might be interested in not selling (i.e. not ensuring access to) Spektrum TV channel to competitors also engaged in television program distribution or in refraining from buying - as a distributor of programs - documentary TV channels competing with Spektrum. Nevertheless the acquirer of Spektrum guaranteed not to refuse the purchasing offer of third parties for Spektrum TV channel until 31 July 2012 supposed they are willing to pay a non-discriminatory fee set under the usual business and technical conditions and they meet the legal, technical and financial conditions necessary to operate the program provision. Since the GVH made this commitment binding on Chellomedia, there is no concern that Spektrum will not be available for other service providers. The GVH will held post-investigation in order to check the fulfilment of this obligation. If the obligation is not fulfilled, the GVH will revoke or amend by a decision its preceding decision authorising the concentration Chellomedia-Spektrum.

Furthermore the GVH has no concern either about the Malone-group refusing the appearance of TV channels (National Geographic, Viasat Explorer etc.) competing with Spektrum TV on its Hungarian network. On the one hand, the current market share of the Malone-group is under 30 pct and in the future with the expansion of DigiTV and IPTV (Internet TV) this percentage is going to decrease, on the other hand, the group has less and less interest in limiting the supply as competition is expected to become stronger and stronger. That is to say, a refusal to distribute such a highly-demanded channel would certainly result in losing subscribers.

Based on all these, with imposing the above mentioned obligation up to 2012, the GVH granted authorisation to Chellomedia's acquisition of SpektrumTV.

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