



## **DETERMINATION OF MERGER NOTIFICATION M/08/024 – GE/CARNIVAL**

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

#### **Proposed acquisition of Carnival Film and Television Limited by General Electrical Company**

**Dated 08/09/08**

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#### **Introduction**

1. On 20 August 2008 the Competition Authority (“the Authority”), in accordance with section 18(1)(b) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby General Electric Company (“GE”) would acquire the entire issued share capital of Carnival Film and Television Limited (“Carnival”).
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**

##### ***The Acquirer***

3. GE, the acquirer, is a global diversified technology and service company incorporated in New York in the United States. GE is publicly owned and is listed on the New York Stock Exchange and the London Stock Exchange.
4. GE business units are: GE Energy Infrastructure, GE technology Infrastructure, GE Capital, NBC Universal, and GE Consumer and Industrial. These business units carry out activities in the following: aircraft engines, broadcasting, consumer products, financial services, industrial systems, infrastructure, information services, medical systems, power generation equipment and systems, and transportation equipment and services.
5. For the year ending 31 December 2007 the consolidated worldwide turnover of GE amounted to circa €126.04 billion of which circa €[...] was generated in the State.

##### ***The Target***

6. Carnival, the target, is 75% owned by Southern Star Entertainment UK plc and 25% owned by Gareth Neame. Carnival operates four subsidiaries: Carnival (Charles Dickens) Limited; Blenheim Films Limited; Rosemary and Thyme Enterprises Limited; and, Depotsound Limited.
7. Carnival is a UK based independent drama producer for television in the UK. Its revenues are primarily generated through the licensing of its television programmes to local, and international broadcasters and

distributors including the BBC, ITV Channel 4, Sky, HBO, TNT A&E and NBC.

8. For financial year ended 3June 2008 Carnival achieved a total worldwide turnover of circa €33.9 million. Carnival does not directly generate any turnover in the State.<sup>1</sup>

### **The Rationale for the Proposed Transaction**

9. The rationale for the proposed purchase of Carnival is to provide one of GE's business units, NBC Universal, with the opportunity to expand its product offering. NBC Universal (which is 80% owned by GE and 20% owned by Vivendi) is involved in the development, production and marketing of entertainment, news and information, and operates a portfolio of news and entertainment networks, a motion picture company, television production operations, a television stations group and a theme parks.

### **Analysis**

10. There are no horizontal or vertical overlaps between the activities of GE/NBC Universal and Carnival on the island of Ireland.
11. The Authority therefore considers that the proposed transaction does not raise competition concerns in the State.

### **Ancillary Restraints**

12. The share purchase agreement contains non-compete and non-solicitation clauses for the duration of [..]. These ancillary restraints which are necessary to the implementation of the proposed transaction in order to protect the value of the goodwill relate only to the UK.

### **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 General Electric Company of the entire issued share capital of Carnival Film and Television 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(2) of the Competition Act 2002.

### **For the Competition Authority**

Dr. Paul K. Gorecki  
Member of the Competition Authority

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<sup>1</sup> Turnover is generated indirectly through the activities of third party distributors and/or collecting societies.