



## DETERMINATION OF MERGER NOTIFICATION M/15/047- NIKKEI/ FINANCIAL TIMES

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### Section 21 of the Competition Act 2002

### Proposed acquisition by Nikkei Inc. of the Financial Times Group

Dated 23 September 2015

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#### Introduction

1. On 20 August 2015, in accordance with sections 18(1)(b) and 18(5) of the Competition Act 2002, as amended<sup>1</sup> (“the Act”), the Competition and Consumer Protection Commission (“Commission”) received a notification of a proposed transaction whereby Nikkei Inc. (“Nikkei”) would acquire sole control of the Financial Times Group (“FT”) from Pearson PLC (“Pearson”)<sup>2</sup>.
2. Given that both the acquirer, Nikkei, and the target, FT, carry on a “media business” within the State (as defined in section 28A(1) of the Act) the proposed transaction constitutes a “media merger” for the purposes of Part 3A of the Act.

#### The Undertakings Involved

##### *The Acquirer*

3. Nikkei is an operating holding company within the Nikkei Group which has its headquarters in Tokyo, Japan and comprises 56 subsidiary companies. The primary business activity of Nikkei is the provision of information through media which includes print media and online media, and the provision of broadcasting services, data services, printing and production, and sales, marketing and educational services.
4. In the State, Nikkei is active in (i) the sale of its print edition of its daily newspaper the “Nikkei”, (ii) the sale of subscriptions to both the Nikkei Online Edition and the Nikkei Asian Review, and (iii) the provision of bond ratings and credit analysis to businesses in the State.
5. In the financial year ending 31 December 2014, the Nikkei Group had worldwide turnover of approximately [...], of which approximately [...] was generated in the State.

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<sup>1</sup> 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.

<sup>2</sup> The proposed transaction does not include the FT’s London property at One Southwark Bridge, nor Pearson’s 50 per cent stake in The Economist Newspaper Limited and interests in Russian media businesses.



### **The Target**

6. FT is a division of Pearson PLC which is a British multinational publishing and education company headquartered in London. FT provides a broad range of business information, news and services which includes the publication of the Financial Times newspaper, various finance focused magazines and the provision of specialist financial information services.<sup>3</sup>
7. In the financial year ended 31 December 2014, the worldwide turnover for FT was approximately [...], of which [...] was generated by sales in the State.

### **Rationale for the Proposed Acquisition**

8. The notification states:

*“The Proposed Transaction is complementary, combining the Acquirer’s Japanese and Asia Pacific-focused business with the Target’s global business and financial news business. ... The Acquirer will combine its and the Target’s journalists, brands, digital project development ideas and know-how, and business-to-business sales resources. Joint development of the events businesses, together with the Acquirer providing additional marketing spend for the Target’s businesses, is expected to bring synergies and improve operating profits. Further, utilising the Target’s know-how of user analysis technology and website layout on the Acquirer’s website and products is expected to result in additional synergies. In addition, mutual use of local bureaux and offices globally is expected to bring fixed cost savings to the combined organisation.”*

### **Third Party Submissions**

9. No submission was received.

### **Competitive Analysis**

10. Within the State, there is a horizontal overlap between the parties in the sale of newspapers, the sale of online subscriptions, and the sale of advertising space. While the Commission defines markets to the extent necessary depending on the particular circumstances of a given case, in this instance it is not necessary for the Commission to define precise relevant markets. Even on a narrow market definition (for example, either the sale of newspapers, the sale of advertising space in newspapers, or the sale of online subscriptions) the level of activity of Nikkei in the State is negligible and therefore the overlap between the parties is minimal.
11. In the State, Nikkei has [...] subscribers for the international edition of its printed “Nikkei” newspaper, which is provided exclusively in the Japanese language and there is a limited number of online subscribers for both the Nikkei Online Edition (which is in Japanese) and the Nikkei Asian Review (which is in English). Furthermore the daily newspapers of the parties (i.e. the Nikkei and the Financial Times) do not target the

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<sup>3</sup> FT also owns a web and applications developer (FT Labs), an events business (FT Live), the New York Institute of Finance, ExecSense which provides training to finance professionals, and a network for corporate leaders (the Non-Executive Directors Club and the 125 Club).



same audience since they are published (both in print and online) in different languages and their contents are focused on different regions of the world.

12. There is no horizontal overlap in respect of the provision of bond ratings and credit analysis to businesses in the State, since FT does not provide such services, and there is no vertical link in the State between the parties' activities.
13. In light of the above, the Commission considers that the proposed acquisition will not substantially lessen competition in any market for goods or services in the State.

#### **Ancillary Restraints**

14. The Share Purchase Agreement contains a number of restrictive non-compete and non-solicitation obligations on Pearson (i.e. the vendor). None of these restrictive obligations exceeds the maximum duration acceptable to the Commission.<sup>4</sup> The Commission considers that these obligations are directly related to and necessary for the implementation of the proposed transaction.

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<sup>4</sup> In this respect, the Commission follows the approach adopted by the EU Commission in paragraph 20 of its "Commission Notice on restrictions directly related and necessary to concentrations" (2005). For more information see <[http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)>.



## **Determination**

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Nikkei Inc. would acquire sole control of the Financial Times Group from Pearson PLC 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)<sup>5</sup> of the Competition Act 2002.

For the Competition and Consumer Protection Commission

**Patrick Kenny**  
**Member**  
**Competition and Consumer Protection Commission**

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<sup>5</sup> Section 28C(1) of the Competition Act 2002, as inserted by section 74 of the Competition and Consumer Protection Act 2014.