



Decision CPC: 9/2021

Case Number: 08.05.001.021.005

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
No. 83(I)/2014**

**Notification of concentration concerning the acquisition of the share capital of
Simon & Schuster, Inc. and Simon & Schuster (UK) Ltd by Bertelsmann SE &
Co. KGaA, via Penguin Random House LLC**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Panayiotis Oustas,	Member
Mr. Aristos Aristidou Palouzas,	Member
Mr. Polinikis Panayiotis Charalambides	Member

Date of decision: 16 February 2021

SUMMARY OF DECISION

The 19th of January 2021, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Bertelsmann SE & Co. KGaA (hereinafter the “Bertelsmann”), a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns a concentration, according to which, Bertelsmann, will acquire the share capital of Simon & Schuster, Inc. and Simon & Schuster (UK) Limited (hereinafter “S&S”) which are subsidiaries of Viacom CBS, via Penguin Random House LLC (hereinafter “Penguin”).

Companies participating at this merger are the following:

1. Bertelsmann SE is a company duly registered in accordance with the laws of Germany. The above mentioned company is the parent company of the Bertelsmann group, an international media group which operates in production and broadcasting of radio and television shows, magazine publications, register and maintain music copyrights, offering various services and education. Bertelsmann is separated in eight sectors.
2. Penguin is a company duly registered in accordance with the laws of the United States of America. This company belongs to Bertelsmann and its included in the Publishing department of the group. With the completion of the proposed action S&S will be a part of the Penguin Random House department.
3. Simon & Schuster Inc is a company duly registered in accordance with the laws of the USA and Simon & Schuster (UK) Limited is registered in the United Kingdom.

S&S, which belongs to the publishing department of ViacomCBS Inc, which is a book publisher that publishes, sells, and distributes printed books, e-books, and audiobooks primarily in the United States. S&S have limited operations outside USA, mainly in the issue and distribution of books in English language (and some in Spanish) mainly to English speaking countries, like UK and Australia.

The concentration is based on a Share Purchase and Sale Agreement dated 24th of November 2020, (hereinafter "Agreement") between Penguin (as a buyer) and ViacomCBS (as the seller). Based on this Agreement, Penguin, will acquire 100% of the share capital of Simon & Schuster, Inc. and Simon & Schuster (UK) Limited, two subsidiaries of ViacomCBS.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration within the meaning of section 6 (1)(a)(ii) of the Law, since it leads to a permanent change of control of S&S, since it will be fully controlled by Bertelsmann, via Penguin.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore

the notified concentration was of major importance falling within the scope of the Law.

The Commission has defined as relevant product/services and geographic market in this case the wholesale of books in English language and as geographic market the territory of the Republic of Cyprus.

According to the notification, there is a horizontal overlap between the activities of Bertelsmann and Penguin and S&S in Cyprus in the relevant market. According to the notification, the combined market share of the parties in Cyprus is [20-30]%. Therefore, there is an affected market in the wholesale of books in English language according to Annex I of the Law.

The Commission examined according to article 19 of the Law various factors in order to evaluate whether the proposed transaction create or strengthen a dominant position in the affected market.

The Commission assessed the expected development of demand, the turnover of each group of undertakings, the structure of the market, the interests of intermediate and final consumers and the existence of any barriers to market entry.

The Commission, taking into account the criteria set out in Article 19 of the Law for the assessment of a concentration, and on the basis of what is stated by the parties involved as well as the above analysis, concluded that the concentration was not likely to significantly impede competition in the Republic, in particular as a result of the creation or strengthening of a dominant position.

In addition, the Commission noted that there are no vertical relationships between the activities of the participating companies in Cyprus. It also concluded that there are no other markets in which the notified concentration may have a significant impact, based on the provisions of the Law.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position in the affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Loukia Christodoulou

Chairperson of the Commission for the Protection of Competition