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The *Autorité de la concurrence* clears the acquisition of joint control of Newen by TF1 and FIFL

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On 27 November 2015, TF1 and FIFL notified the *Autorité de la concurrence* of the acquisition of joint control of the FLCP (Fabrice Larue Capital Partners) Group, for which the principal company, Newen, produces programmes broadcast on television such as the series *Plus Belle la Vie* or the programme Les *Maternelles*. Following a large consultation of TV channels and stakeholders of the production sector, as well as a thorough review of the characteristics of the markets concerned, the *Autorité* decided to clear this acquisition of joint control.

Parties to the transaction

The TF1 Group operates in the sectors of free-to-air TV (with the channels TF1, TMC, NT1, HD1, LCI), and pay-TV (with the channels TV Breizh, Histoire, Ushuaia TV and Série Club). It is solely controlled by the Bouygues Group.

FIFL is a holding company controlled by Mr. Fabrice Larue, who had sole control over Newen, prior to the transaction.

This transaction is part of the global context of concentration in the sector, with the consolidation of production companies, or even their affiliation to large audiovisual groups. It involves TF1 diversifying its activities by constituting new operations further up the value chain. For FIFL, the transaction enables it to

sustain its finance sources to continue the development of new programs and ensure their broadcast abroad.

The effects on the markets for television rights

The *Autorité* considered that the transaction was not likely to cause horizontal effects on the markets for television rights insofar as the parties' combined market shares remain limited on all these markets.

Likewise, the *Autorité* also dismissed the risk of vertical effects given Newen's limited position on the markets for broadcasting stock and fiction programmes in "*original French language*" ("OFL"). These markets are characterised by a particularly abundant supply from numerous producers. Yet the producers face highly concentrated demand concerning the principal audiovisual groups, which are themselves subject to obligations of investment in European and original-French language audiovisual works. France Télévisions is therefore the principal market purchaser and Newen's largest client. The *Autorité* also noted that the agreements for programme acquisition include several provisions (resale and pre-emption right) which guarantee TV channels that the exclusivity and continuity of broadcasting for content acquired is ensured for several years. Therefore, it is not possible for a producer to deprive a TV channel of programmes that it recently acquired from it in order to market them to a competing channel.

Furthermore, the TF1 group, through its President, sent a letter to the *Autorité de la concurrence* dated 20 January 2016 in which it reiterates its intent to develop Newen's activities and certifies that it will not in any way interfere in the producer's contractual relations with France Télévisions, nor impede the continuation of the productions in progress and future projects. The *Autorité* decided to attach this letter to the decision as it clarifies the meaning – and the limits – of the transaction.

> The full text of the decision will soon be available on the *Autorité de la concurrence*'s website (www.autoritedelaconcurrence.fr)

> Press contact: Anne-Elisabeth Akrasi / Tel. +33 1 55 04 01 46 Email