EUROPEAN COMMISSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

Brussels, 27.7.2018
C(2018) 5150 final

PUBLIC VERSION

To the notifying party

Subject: **Case M.8883 – PPF Group / Telenor Target Companies**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 22 June 2018, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which PPF Group N.V. ("PPF") intends to acquire sole control of Telenor Bulgaria EAD ("Telenor Bulgaria"), Telenor Magyarország Zrt. ("Telenor Hungary"), Telenor Real Estate Hungary Zrt., Telenor Common Operation Zrt., Telenor d.o.o. Podgorica ("Telenor Montenegro") and Telenor d.o.o. Beograd ("Telenor Serbia") (together the "Telenor Target Companies"), by way of purchase of shares (the "Transaction").[3]
PPF is designated hereinafter as the "Notifying Party" and, together with the Telenor Target Companies, as the "Parties".

1. THE PARTIES

(2) PPF is a large multinational finance and investment group focusing on financial services, consumer finance, telecommunications, biotechnology, retail services, real estate, agriculture and transportation. PPF started its operations in the Czech

1 OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation') . With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.

2 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').

3 Publication in the Official Journal of the European Union No C 230, 2.7.2018, p. 9.

Commission européenne, DG COMP MERGER REGISTRY, 1049 Bruxelles, BELGIQUE
Europese Commissie, DG COMP MERGER REGISTRY, 1049 Brussel, BELGIË

Tel: +32 229-91111. Fax: +32 229-64301. E-mail: COMP-MERGER-REGISTRY@ec.europa.eu.

Republic and is now mainly active in the Czech Republic, Slovakia and, in sectors other than telecommunications, also in Russia, Germany, the Netherlands, the United Kingdom, the U.S., China, India, Vietnam, Indonesia and the Philippines. PPF is controlled by Mr. Petr Kellner.

(3) The Telenor Target Companies are active primarily in telecommunications, acting as mobile operators in Bulgaria, Hungary, Serbia and Montenegro. The core of their activities therefore lies in providing mobile telecommunication services to end customers. The scope of activities of the Telenor Target Companies is mainly confined to the countries of their incorporation, for which they hold the relevant telecommunication licenses.

2. THE OPERATION

(4) On 21 March 2018, a Share Sale and Purchase Agreement was concluded among inter alia (i) Telenor Eiendom Holding AS, (ii) Telenor Mobile Communications AS, (iii) Telenor A/S, and (iv) Telenor Communication II AS, as sellers, and PPF TMT Bidco 1 B.V., as purchaser, pursuant to which PPF will, indirectly, through PPF TMT Bidco 1 B.V., acquire: (i) 100% of the shares in Telenor Bulgaria, (ii) 100% of the shares in Telenor Hungary, (iii) 100% of the shares in Telenor Real Estate Hungary Zrt. [4], (iv) 100% of the shares in Telenor Common Operation Zrt., (v) 100% of the share capital in Telenor Montenegro and (v) 100% of the share capital in Telenor Serbia.

(5) The Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

(6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million[5] (PPF: EUR […] million; the Telenor Target Companies: EUR […] million; combined: EUR […] million; in 2017). Each of them has an EU-wide turnover in excess of EUR 250 million (PPF: EUR […] million; the Telenor Target Companies: EUR […] million; in 2017), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.

(7) The notified operation therefore has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

4. RELEVANT MARKETS

(8) The Transaction does not result in any horizontal overlap in the EEA in the telecommunications sector because the activities of the Parties are confined to the territories for which they hold the respective telecommunication licenses, i.e. Bulgaria and Hungary in the case of the Telenor Target Companies, and the Czech

[4] The activities of Telenor Real Estate Hungary Zrt. are limited to a particular real estate property where the headquarters of Telenor Hungary are located [details of company's activities].

[5] Turnover calculated in accordance with Article 5 of the Merger Regulation.

Republic and Slovakia in the case of PPF (through its subsidiaries O2 CR and O2 SK).

(9) PPF and the Telenor Target Companies are present upstream in (i) wholesale international roaming services; (ii) wholesale mobile call termination services and (iii) wholesale fixed call termination services in the EEA countries in which the Parties are present (i.e. PPF in the Czech Republic and Slovakia, the Telenor Target Companies in Bulgaria and Hungary). Those services are vertically linked to (i) the retail supply of mobile telecommunications services and (iii) the retail supply of fixed telephony services to end customers.

4.1. Retail mobile telecommunications services

(10) Mobile telecommunications services to end customers include services for national and international voice calls[6], SMS (including MMS and other messages), mobile internet data services and retail international roaming services.

4.1.1. Product market definition

(11) The Notifying Party submits that in the present case, the relevant product market should be defined, in line with the Commission's previous decisional practice, as the overall retail market for mobile telecommunications services without further segmentation.

(12) The Commission considers that, in line with its previous practice,[7] the product market for retail mobile telecommunications services includes mobile services such as voice, SMS/MMS, data and international roaming services, considering that all providers offer all these types of services to their customers.

(13) The Commission has also considered whether the product market can be further segmented between residential and business customers and whether "over-the-top" ("OTT") services should be considered as part of the market. In any case, for the purpose of the present decision, the exact product market definition in relation to the provision of retail mobile telecommunications services can be left open as the Transaction does not give rise to serious doubts as to its compatibility with the internal market under any possible market definition.

4.1.2. Geographic market definition

(14) The Notifying Party considers that the market should be considered national in scope in line with previous Commission decisions.

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6 The term international voice calls is used for calls that are made by a domestic user when in its home country, but that terminate at destinations which are abroad such as if the receiving number is a foreign one.

7 For example Commission decision of 12 December 2012 in case M.6497 – *Hutchison 3G Austria/Orange Austria*; Commission decision of 11 May 2016 in case M.7612 - *Hutchison 3G UK / Telefónica*, Commission decision of 3 August 2016 in case M.7978 – *Vodafone/Liberty Global/Dutch JV*.

(15) The Commission has consistently found that the markets for retail mobile services provided to end consumers are national in scope.[8]

(16) The Commission considers the market for retail mobile services to be national in scope, taking into account the fact that licences to mobile operators are granted on a national basis.

4.2. Retail fixed telephony services

(17) On the market for retail supply of fixed telephony services, operators provide fixed voice services to end customers. In line with previous Commission decisions, fixed voice services include the provision of connection services or access at a fixed location or address to the public telephone network for the purpose of making and receiving calls and related services.[9]

4.2.1. Product market definition

(18) The Notifying Party submits that in the present case, the relevant product market should be defined, in line with previous Commission decisions, as the overall retail market for fixed line telephony services, including VoIP services.

(19) In previous decisions, the Commission considered that a distinction between local / national and international calls as well as between residential and business customers may not be relevant.[10] The Commission did not take a definitive view with regard to these possible further segmentations of the retail fixed telephony services market. The Commission concluded however that traditional fixed voice services and managed VoIP services are interchangeable within a single market for the retail supply of fixed telephony services.[11]

(20) For the purpose of the present decision, the exact product market definition can be left open as the Transaction does not give rise to serious doubts as to its compatibility with the internal market under any possible market definition.

4.2.2. Geographic market definition

(21) The Notifying Party considers the market to be national in scope, based on the Commission's precedents.

(22) The Commission considers the market for the supply of fixed telephony services to be national in scope, as this reflects the continuing importance of the role of national regulation in the telecommunications sector, the supply of upstream wholesale services on a national basis, as well as the fact that the pricing policies of telecommunications providers are predominantly national.[12]

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8 Commission decision of 26 April 2006 in case COMP/M.3916 – *T-Mobile Austria/Tele.ring*, recital 19; Commission decision of 20 September 2013 in case COMP/M.6990 – *Vodafone/Kabel Deutschland*, recitals 218-219.

9 Commission decision of 3 July 2012 in case M.6584 – *Vodafone/Cable&Wireless*, recital 11.

10 Commission decision of 29 June 2009 in case M.5532 – *Carphone Warehouse/Tiscali UK*, recital 37.

11 Commission decision of 20 September 2013 in case M.6990 – *Vodafone/Kabel Deutschland*, recitals 130-131.

12 Commission decision of 7 December 2006 in case M.4442 – *Carphone Warehouse Group plc/AOL UK*, recital 22.

4.3. Wholesale mobile call termination services

(23) When someone calls a mobile phone connected to a different network that call is terminated on the network of the receiving mobile phone. In order for a retail mobile service provider to be able to provide calls to a different network, it must purchase wholesale terminations services on these other networks. This is done through interconnection agreements between the various network operators.

4.3.1. Product market definition

(24) The Notifying Party submits that each individual mobile network constitutes a separate market for call termination because the operator transmitting the call can reach the intended recipient only through the operator of the network to which the recipient is connected. There is thus no substitute for call termination on each individual network.

(25) The Commission considers that there is no substitute for call termination on each individual network since the operator transmitting the outgoing call can reach the intended recipient only through the operator of the network to which the recipient is connected.

(26) The Commission concludes, in line with previous decisions, that termination on each individual mobile network constitutes a separate product market.[13]

4.3.2. Geographic market definition

(27) In line with previous Commission decisions, the Notifying Party submits that the market for mobile call termination services should be considered national in scope.

(28) The Commission concludes, in line with previous decisions[14], that the market for mobile call termination services is national in scope, as each wholesale market for call termination corresponds to the dimensions of the operator's network and therefore is limited to the national territory of the operator's network.

4.4. Wholesale fixed call termination services

(29) Call termination is the service provided by a network operator on the supply side to other network operators on the demand side, whereby a call originating in a demand side operator's network is delivered to a user in the supply side operator's network. This service is required by every originating operator, as it is necessary for its customers to be able to communicate with the customers of other networks. Call termination is therefore a wholesale service that is resold or used as an input for the provision of downstream retail telephony services.

4.4.1. Product market definition

(30) In line with previous Commission decisions, the Notifying Party submits that the relevant product market is the wholesale market for call termination on each individual fixed network.

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13 Commission decision of 1 September 2016 in case M.7758, *Hutchison 3G Italy / Wind / JV*, recital 192: Commission decision of 2 July 2014 in Case M.7018 - *Telefónica Deutschland/E-Plus*, recital 89.

14 Commission decision of 1 September 2016 in case M.7758, *Hutchison 3G Italy / Wind / JV*, recital 196; Commission decision of 2 July 2014 in Case M.7018 - *Telefónica Deutschland/E-Plus*, recital 91.

(31) The Commission considers that there is no substitute for call termination on each individual network since the operator transmitting the outgoing call can reach the intended recipient only through the operator of the network to which the recipient is connected.[15]

(32) The Commission considers that, as regards wholesale call termination services, termination on each individual fixed network constitutes a separate product market.

4.4.2. Geographic market definition

(33) In line with previous Commission decisions, the Notifying Party considers the relevant geographic market for call termination services on fixed networks to be national in scope. This is primarily due to regulatory barriers as the geographic scope of licenses is in principle limited to areas which do not extend beyond the borders of a Member State.

(34) In previous decisions, the Commission considered the geographic market to be national in scope.[16]

(35) The Commission concludes that the wholesale market for fixed call termination services is national in scope, considering that the geographic scope of each wholesale market for call termination should correspond to the dimensions of the operator's network, which is limited to national borders due to regulatory barriers.

4.5. Wholesale international roaming services

(36) For a provider of retail mobile services to be able to provide its end customers with telecommunications services outside their home countries, it enters into wholesale roaming agreements with providers of wholesale international roaming on other national markets. Roaming consists of both terminating calls and originating calls.

(37) Retail mobile service providers sometimes have preferred roaming partners in certain countries. This means that the preferred partners' network will be used in the first instance when it has coverage and the mobile user has not manually chosen a different network. A home network will normally have multiple agreements with operators in a particular country in order to provide optimal coverage.

4.5.1. Product market definition

(38) In line with previous Commission decisions, the Notifying Party submits that there is a relevant product market for wholesale international roaming services, comprising both terminating calls and originating calls.

(39) Wholesale international roaming services are regulated.[17] Mobile network operators must meet all reasonable requests for wholesale roaming access under a

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15 Commission decision of 2 July 2014 in case M.7231, *Vodafone / Ono*, recital 63.

16 Commission decision of 20 September 2013 in case M. 6990 – *Vodafone/Kabel Deutschland*, recital 121; Commission decision of 1 March 2010 in Case M.5650 - *T-Mobile/Orange*, recital 38.

17 Regulation (EU) No 531/2012 of the European Parliament and of the Council of 13 June 2012 on roaming on public mobile communications networks within the Union (OJ 2012 L 172/10), last amended by Regulation (EU) 2017/920 of the European Parliament and of the Council of 17 May 2017 (OJ 2017 L 147/1) (the "Roaming Regulation").

reference offer and wholesale charges for the making of regulated roaming services (voice, message and data roaming) are capped.

(40) The Commission concludes, in line with previous decisions, that the market for international roaming comprising both terminating calls and originating calls constitutes a separate product market.[18] For originating calls while roaming, the foreign or visited mobile network is used to make phone calls when abroad and a wholesale roaming charge is paid by the home network to the visited network. For terminating calls, the call is routed by the home network to the visited mobile network and the home network pays for the international carriage of the call and the normal termination charge to the visited network. Demand for wholesale international roaming services comes first from foreign mobile operators who wish to provide their own customers with mobile services outside their own network and also downstream from subscribers wishing to use their mobile telephones outside their own countries.

4.5.2. Geographic market definition

(41) In line with previous Commission decisions, the Notifying Party submits that the relevant geographic scope of the market for the supply of wholesale international roaming services is national.

(42) In previous decisions, the Commission found that the wholesale market for international roaming is national in scope, given that wholesale international agreements can be concluded only with companies which have an operating licence in the relevant country and the licences to provide mobile services are restricted to a national territory.[19]

(43) The Commission concludes that the markets for international roaming are national.

5. COMPETITIVE ASSESSMENT

(44) According to the information submitted by the Notifying Party, the Transaction does not give rise to any horizontally affected markets.[20]

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18 Commission decision of 1 September 2016 in case M.7758, *Hutchison 3G Italy / Wind / JV*, recitals 182-184; Commission decision of 12 December 2012 in Case COMP/M.6497 - *Hutchison 3G Austria/Orange Austria*, recital 64.

19 Commission decision of 28 May 2014 in case M. 6992 – *H3G/Telefónica Ireland*, recital 151; Commission decision of 12 December 2012 in case M.6497 – *Hutchison 3G Austria/Orange Austria*, recital 78; Commission decision of 1 March 2010 in case M.5650 – *T-Mobile/Orange*, recital 35; Commission decision of 20 August 2007 in case M.4748 – *T-Mobile/Orange Netherlands*, recital 27; Commission decision of 26 April 2006 in case M.3916 – *T-Mobile Austria/Tele.ring*, recital 28; Commission decision of 20 September 2013 in case M. 6990 – *Vodafone/Kabel Deutschland*, recital 252.

20 Where this Decision makes reference to "affected markets", it refers to instances where: for horizontal overlaps, both Parties are engaged in business activities in the same relevant market and where the concentration will lead to a combined market share of 20% or more; for vertical overlaps, where one or more of the Parties are engaged in business activities in a relevant market, which is upstream or downstream of a relevant market in which any other party to the concentration is engaged, and any of their individual or combined market shares at either level is 30% or more, regardless of whether there is or is not any existing supplier/customer relationship between the Parties. See section 6.3. of Annex I (Form CO relating to the notification of a concentration pursuant to regulation (EC) No 139/2004) of Commission Implementing Regulation (EU) No 1269/2013 of 5 December 2013 amending

(45) The Transaction gives rise to a number of vertically affected markets in the telecommunications sector, as can be seen from the following table:

Upstream markets	Downstream markets
Wholesale mobile call termination services in: **- Czech Republic (PPF)** **- Slovakia (PPF)**	**(i) Retail mobile telecommunications services in:** **- Hungary (Telenor)** **- Bulgaria (Telenor)** **(ii) Retail fixed telephony services in:** **- Bulgaria (Telenor)**
Wholesale mobile call termination services in: **- Hungary (Telenor)** **- Bulgaria (Telenor)**	**(i) Retail mobile telecommunications services in:** **- Czech Republic (PPF)** **- Slovakia (PPF)** **(ii) Retail fixed telephony services in:** **- Czech Republic (PPF)** **- Slovakia (PPF)**
Wholesale fixed call termination in: **- Czech Republic (PPF)** **- Slovakia (PPF)**	**(i) Retail mobile telecommunications services in:** **- Hungary (Telenor)** **- Bulgaria (Telenor)** **(ii) Retail fixed telephony services in:** **- Bulgaria (Telenor)**
Wholesale fixed call termination in: **- Bulgaria (Telenor)**	**(i) Retail mobile telecommunications services in:** **- Czech Republic (PPF)** **- Slovakia (PPF)** **(ii) Retail fixed telephony services in:** **- Czech Republic (PPF)**

Commission Regulation (EC) No 802/2004 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (OJ L 336, 14.12.2013, p. 1-36).

	- Slovakia (PPF)
Wholesale international roaming services in: **- Czech Republic (PPF)** **- Slovakia (PPF)**	**Retail mobile telecommunications services in:** **- Hungary (Telenor)** **- Bulgaria (Telenor)**
Wholesale international roaming services in: **- Hungary (Telenor)** **- Bulgaria (Telenor)**	**Retail mobile telecommunications services in:** **- Czech Republic (PPF)** **- Slovakia (PPF)**

5.1. Wholesale market for mobile call termination services – Retail market for fixed telephony services and retail market for mobile telecommunications services

(46) PPF is active on the market for wholesale mobile call termination services on its own networks in the Czech Republic and in Slovakia. The Telenor Target Companies are also active on this market in Bulgaria and Hungary and provide mobile call termination services for their own networks.

(47) This wholesale market, where the Parties have a 100% market share in their respective networks ("one net – one market" principle) is upstream of the markets for the retail supply of fixed telephony services and retail supply of mobile telecommunication services, where the Parties have the following market shares:

Retail Mobile Telecommunications Services				
	Czech Republic	**Slovakia**	**Bulgaria**	**Hungary**
PPF	[30-40]%	[20-30]%	-	-
Telenor Target Companies	-	-	[30-40]%	[20-30]%

Retail Fixed Telephony Services			
	Czech Republic	**Slovakia**	**Bulgaria**
PPF	[90-100]%	[0-5]%	-
Telenor Target Companies	-	-	[10-20]%

Source: Form CO

5.1.1. The Notifying Party's views

(48) The Notifying Party submits that the Transaction cannot give rise to any competition concerns considering that:

- the markets for provision of wholesale mobile call termination services are subject to an ex ante regulation by national telecommunications authorities which makes it technically impossible to refuse access to or price discriminate against other network operators;

- in the vast majority of cases it is impossible to know the identity of the customer purchasing termination because international calls are mostly made over international carriers who act as intermediaries between the telecommunication operators;

- the call termination in the Czech Republic and Slovakia is only of minor importance to the Telenor Target Companies and their competitors. Similarly, the call termination in Bulgaria and Hungary appears to be of negligible importance to PPF and their competitors.

5.1.2. The Commission's assessment

(49) The Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the vertical link between the upstream markets for wholesale mobile call termination services and the downstream markets for retail supply of fixed telephony services and retail supply of mobile telecommunication services, for the following reasons.

(50) First, the Commission notes that there are regulatory obligations applying to the wholesale mobile call termination markets.[21] Those regulatory obligations include access to specific network facilities, transparency (including publication of draft interconnection agreements on the network operator's website), non-discrimination and price control.

(51) Second, telephonic traffic flows between the Czech Republic, Slovakia, Hungary and Bulgaria are extremely limited and any increase by the merged entity of its termination charges (if possible without the need for regulatory approvals) would have little or no impact on the cost structure of the merged entities' competitors in these countries. Nor would the merged entity have the incentive to make such increases due to the small traffic volume concerned.

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[21] With respect to the Czech Republic, see Commission Decision of March 16, 2016 in case CZ/2016/1843, *Wholesale market for the voice call termination on individual mobile networks in the Czech Republic and corresponding national market review performed by the national regulatory authority*. With respect to Bulgaria, see Commission Decision of November 21, 2016 in case BG/2016/1924, *Call termination on individual mobile telephone networks in Bulgaria and corresponding national market review performed by the national regulatory authority*. With respect to Slovakia, see Commission Decision of December 15, 2016 in case SK/2016/1956, *Wholesale voice call termination on individual mobile networks in Slovakia and corresponding national market review performed by the national regulatory authority.* With respect to Hungary, see Commission Decision of March 05, 2015 in case HU/2015/1705, *Wholesale voice call termination on individual mobile networks in Hungary and corresponding national market review performed by the national regulatory authority*.

(52) Third, the Commission notes that none of the respondents to the market investigation raised any concerns related to vertical issues arising from the Transaction on the market for wholesale mobile call termination services on the one hand, and the retail supply of fixed telephony services and retail mobile telecommunications services on the other hand.

(53) In light of the analysis above, the Commission concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the vertical link between the upstream markets for wholesale mobile call termination services and the downstream markets for retail supply of fixed telephony services and retail mobile telecommunications services.

5.2. Wholesale market for fixed call termination services – Retail market for fixed telephony services and retail market for mobile telecommunications services

(54) PPF is active on the market for wholesale fixed call termination services on its own networks in the Czech Republic and in Slovakia. The Telenor Target Companies are also active on this market in Bulgaria. The wholesale market for fixed call termination services where the Parties have a 100% market share in their respective networks ("one net – one market" principle) is upstream of the markets for the retail supply of fixed telephony services and for the retail supply of mobile telecommunications services, where the Parties have the market shares indicated in the tables in recital (47) above.

5.2.1. The Notifying Party's views

(55) The Notifying Party submits that the Transaction cannot give rise to any competition concerns considering that:

- the markets for provision of wholesale fixed call termination services are subject to an ex ante regulation by national telecommunications authorities which makes it technically impossible to refuse access to or price discriminate against other network operators;

- in the vast majority of cases it is impossible to know the identity of the customer purchasing termination because international calls are mostly made over international carriers who act as intermediaries between the telecommunication operators;

- the call termination in the Czech Republic and Slovakia is only of minor importance to the Telenor Target Companies and their competitors. Similarly, the call termination in Bulgaria and Hungary appears to be of negligible importance to PPF and their competitors.

5.2.2. The Commission's assessment

(56) First, the Commission notes that there are regulatory obligations applying to the wholesale fixed call termination markets.[22] Those regulatory obligations include

[22] With respect to the Czech Republic, see Commission Decision of November 24, 2016 in case CZ/2016/1928, *Wholesale markets for call termination on individual public telephone networks provided at a fixed location in the Czech Republic – remedies and corresponding national market review performed by the national regulatory authority*. With respect to Bulgaria, see Commission

access to specific network facilities, transparency (including publication of draft interconnection agreements on the network operator's website), non-discrimination and price control.

(57) Second, telephonic traffic flows between the Czech Republic, Slovakia, Hungary and Bulgaria are extremely limited and any increase by the merged entity of its termination charges (if possible without the need for regulatory approvals) would have little or no impact on the cost structure of the merged entities' competitors in these countries. Nor would the merged entity have the incentive to make such increases due to the small traffic volume concerned.

(58) Third, the Commission notes that no respondent to the market investigation raised any issues related to vertical competition concerns arising from the Transaction on the market for fixed call termination services on the one hand, and the markets for retail supply of fixed telephony services and of mobile telecommunications services on the other hand.

(59) In light of the analysis above, the Commission concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the vertical link between the upstream markets for wholesale fixed call termination services and the downstream markets for retail supply of fixed telephony services and retail supply of mobile telecommunications services.

5.3. Wholesale market for international roaming services – Retail market for mobile telecommunications services

(60) PPF is active on the market for wholesale international roaming services on its own mobile networks in the Czech Republic and in Slovakia. The Telenor Target Companies are also active on this market on their own networks in Bulgaria and in Hungary. The wholesale market for international roaming services is upstream of the markets for the retail supply of mobile telecommunication services, where the Parties have the market shares indicated in the tables in recital (47) above.

5.3.1. The Notifying Party's views

(61) The Notifying Party submits that the Transaction cannot give rise to any competition concerns considering that:

- following the Transaction, the merged entity's competitors in the retail markets for mobile telecommunication services will continue to have at least two alternative operators in each of the Czech Republic, Slovakia, Bulgaria and Hungary from which to purchase international roaming services;

- roaming activities are subject to EU regulation which imposes a price cap on the wholesale prices that Mobile Network Operators ("MNOs") can charge from their roaming customers and includes obligation of MNOs to meet all reasonable requests for access to their network;

Decision of May 26, 2016 in case BG/2016/1862, *Wholesale call termination on individual public telephone networks provided at a fixed location in Bulgaria and corresponding national market review performed by the national regulatory authority*. With respect to Slovakia, see Commission Decision of February 22, 2018 in case SK/2018/2051, *Wholesale voice call termination on individual public telephone networks provided at a fixed location in Slovakia – remedies and corresponding national market review performed by the national regulatory authority*.

- The roaming charges in each interested Member State represent a very small percentage of the costs incurred by mobile operators. Therefore, any changes in the roaming costs will have no significant impact on the relevant competitors' price structure;

- the revenues generated by PPF's end customers roaming in Bulgaria and Hungary, as well as by the Telenor Target Companies' end customers roaming in the Czech Republic and Slovakia represent less than [0-10]% of the total wholesale international roaming revenues generated by the mobile operators in the respective Member States.

5.3.2. The Commission's assessment

(62) The Commission considers that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the vertical link between the upstream markets for wholesale international roaming services and the downstream markets for the retail supply of mobile telecommunication services.

(63) The Commission notes that the market for wholesale international roaming activities is subject to sector-specific Union regulation, which prevents mobile operators from refusing access to their network and from charging excessive termination fees. Under the Roaming Regulation, MNOs must meet all reasonable requests for wholesale roaming access and MNOs are bound by the price cap imposed by the Roaming Regulation on the wholesale prices that MNOs can charge from their roaming customers. Key obligations under the regulation include an obligation to meet all reasonable requests, an obligation to publish a reference offer, caps on wholesale and retail charges (for calls, SMS messages and data services), and transparency and information requirements. The Roaming Regulation therefore effectively prevents MNOs from refusing access to their respective network and from charging excessive termination fees.

(64) Furthermore, the Commission notes that no respondent to the market investigation raised any issues related to vertical competition concerns arising from the Transaction on the market for wholesale international roaming services on the one hand, and the market for retail supply of mobile telecommunications services on the other hand.

(65) In light of the analysis above, the Commission concludes that the Transaction does not give rise to serious doubts as to its compatibility with the internal market in relation to the vertical link between the upstream markets for wholesale international roaming services and the downstream markets for the retail supply of mobile telecommunication services.

6. CONCLUSION

(66) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Member of the Commission