



News Release

08/06

24 February 2006

BASINGSTOKE CINEMA TO BE SOLD

The Competition Commission (CC) has decided that Vue Entertainment Holdings must sell one of the two cinemas it currently runs in Basingstoke to another cinema operator in order to preserve competition.

In its final report published today, the CC has concluded that the completed acquisition of the Festival Place cinema in Basingstoke by Vue Entertainment Holdings (UK) Limited (Vue) would substantially lessen competition, leading to higher prices and reduced choice for customers.

Vue will now be required to sell either the Leisure Park cinema, which it already owned, or the Festival Place cinema—which it acquired in April 2005 from A3 Cinema Limited, and operated through its subsidiary, Ster Century (UK) Limited (Ster). The sale must be made to a cinema operator with the resources, expertise, incentive and business plan to operate it as a multiplex cinema showing mainstream films.

Vue acquired six multiplex cinemas in the UK from Ster. The final report on this acquisition confirms the verdict of the provisional findings report published in December 2005, which found that this would not lead to a substantial lessening of competition in the other locations. The final report is published on the CC's website at: www.competition-commission.org.uk/inquiries/ref2005/vue/index.htm.

Chairman of the inquiry group, Dame Barbara Mills, said:

Vue will have to sell one of its two cinemas to an operator who can provide genuine competition, so that customers will again benefit from the situation that existed before it acquired the Festival Place cinema. This decision will help to preserve the choice and quality on offer for local cinema goers.

The two cinemas in Basingstoke are only 1.5 miles apart, share a virtually identical catchment area and were formerly in direct competition with each other. This acquisition changed that position by removing the only substantial competitor in the area and, without this constraint, we concluded that it would lead to higher prices and reduced quality for customers. We also believed that if this acquisition were to proceed, Vue would close its cinema at the Leisure Park site, which would reduce the choice to local cinema goers.

The CC will now monitor the sale process and ensure that a cinema is sold within a limited timescale, to a cinema operator able to compete fully with the Vue-owned cinema.

Notes to editors

1. The Enterprise Act 2002 empowers the Office of Fair Trading (OFT) to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
2. The case was referred by the OFT on 23 September 2005.
3. The inquiry group consists of five members: Dame Barbara Mills (Group Chairman), Professor John Cubbin, Jill Hill, Professor David Parker and Professor Sudi Sudarsanam.
4. The CC has a 24-week period in which it is required to publish its report, which may be extended by no more than eight weeks if it considers that there are special reasons why the report cannot be published within that period.
5. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at: www.competition-commission.org.uk.
6. Enquiries should be directed to Rory Taylor on 020 7271 0242 or rory.taylor@cc.gsi.gov.uk