

# Acquisition by Future plc of the entire issued share capital of Miura (Holdings) Limited

## Decision that undertakings might be accepted

ME/6624/16

### Introduction

1. On 23 June 2016 Future plc (**Future**) agreed to acquire Miura (Holdings) Limited (**Miura**), the ultimate parent company of Imagine Publishing Limited (**Imagine**) (the **Merger**). Future and Miura are together referred to as the **Parties**.
2. On 7 October 2016, the Competition and Markets Authority (**CMA**) decided under section 33(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger consists of arrangements that are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and that this may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**).
3. On the date of the SLC Decision, the CMA gave notice pursuant to section 34ZA(1)(b) of the Act to the Parties of the SLC Decision. However, the CMA did not refer the Merger for a phase 2 investigation pursuant to section 33(3)(b) on the date of the SLC Decision in order to allow the Parties the opportunity to offer undertakings to the CMA in lieu of such reference for the purposes of section 73(2) of the Act.
4. Pursuant to section 73A(1) of the Act, if a party wishes to offer undertakings for the purposes of section 73(2) of the Act, it must do so within the five working day period specified in section 73A(1)(a) of the Act. Accordingly, on 14 October 2016, Future offered undertakings to the CMA for the purposes of section 73(2) of the Act.
5. The CMA now gives notice, pursuant to section 73A(2)(b) of the Act, to Future that it considers that there are reasonable grounds for believing that the

undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering the offer.

## The undertakings offered

6. Under section 73 of the Act, the CMA may, instead of making a reference, and for the purpose of remedying, mitigating or preventing the SLC concerned or any adverse effect which has or may have resulted from it or may be expected to result from it, accept from such of the merger parties concerned as it considers appropriate undertakings to take such action as it considers appropriate.
7. The SLC Decision found that the Merger gives rise to a realistic prospect of an SLC in relation to the supply of sci-fi magazines (including bookazines) in the UK. To address this SLC, Future has offered to give undertakings in lieu of a reference to divest the business of the title SciFiNow (the **Proposed Undertakings**). SciFiNow is a sci-fi, fantasy and horror TV and film magazine published by Imagine. Specifically, the Proposed Undertakings include the divestment of the content for current and future editions of SciFiNow; key licensing agreements for content; advertising customer lists; Imagine's rights in the SciFiNow magazine (including bookazines); its website and social media page; all other relevant IP rights; and the transfer of the SciFiNow editorial team.

## The CMA's provisional views

8. The CMA considers that undertakings in lieu of a reference are appropriate when they are clear-cut and capable of ready implementation. The CMA's starting point when assessing undertakings is to seek an outcome that restores competition to the level that would have prevailed absent the merger.<sup>1</sup>
9. The CMA considers that the Proposed Undertakings, or a modified version of them, might be acceptable as a suitable remedy to the SLC identified by the CMA, given that the divestiture will remove the overlap between the Parties in the supply of Sci-fi magazines (including bookazines) in the UK through the divestment of the business of the title SciFiNow. As such, the Proposed

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<sup>1</sup> *Mergers: Exceptions to the duty to refer and undertakings in lieu of reference guidance (OFT1122)*, December 2010, Chapter 5 (in particular paragraphs 5.7–5.8 and 5.11). This guidance was adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure (CMA2)*, January 2014, Annex D).

Undertakings may result in replacing the competitive constraint provided by Miura that would otherwise be lost following the Merger.

10. The CMA currently considers that the Proposed Undertakings are capable of amounting to a sufficiently clear-cut and effective resolution of the CMA's competition concerns. The CMA also believes at this stage that the Proposed Undertakings may be capable of ready implementation, in particular in light of the business of SciFiNow being comprised of assets, including content and IP rights, that are readily capable of being sold.
11. In addition, the Parties have provided evidence of a number of potential purchasers already established in the publishing industry that have shown interest in acquiring the business of SciFiNow, and the CMA has no reason to doubt the commercial attractiveness of the divestment business. For these reasons, the CMA does not consider that an upfront buyer is necessary in this case and currently considers that there are reasonable grounds for believing that the Proposed Undertakings, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act.
12. The CMA's decision on whether ultimately to accept the Proposed Undertakings or refer the Merger for a phase 2 investigation will be informed by, among other things, third party views on whether the Proposed Undertakings are suitable to address the competition concerns identified by the CMA.

## **Consultation process**

13. Full details of the undertakings offered will be published in due course when the CMA consults on the undertakings offered as required by Schedule 10 of the Act.<sup>2</sup>

## **Decision**

14. The CMA therefore considers that there are reasonable grounds for believing that the Proposed Undertakings offered by Future, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act. The CMA now has until 16 December 2016 pursuant to section 73A(3) of the Act to decide whether to accept the undertakings, with the possibility to extend this timeframe pursuant to section 73A(4) of the Act to 15 February 2017 if it considers that there are special reasons for doing so. If no undertakings are

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<sup>2</sup> [CMA2](#), paragraph 8.29.

accepted, the CMA will refer the Merger for a phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Act.

**Sheldon Mills**  
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**Competition and Markets Authority**  
**20 October 2016**